# THOUGHTS

ON

# POLITICAL ECONOMY.

In two parts.

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TO THE HONORABLE

ROBERT GOODLOE HARPER, L.L.D.

DEAR SIR;

I take great pleasure in availing myself of the present opportunity, to make a public acknowledgment of the many obligations your personal kindness has laid me under; and of expressing my great respect for your private character, and my admiration of your talents, as a political economist and statesman. Independent of personal considerations, which would always induce me to look to you for patronage in every laudable undertaking, there is a peculiar fitness in dedicating a work on political economy to you, as the person most capable of duly appreciating its merits. Should you find any thing in the following sheets worthy your approval and patronage, I shall feel myself amply remunerated for the labour of writing them.

With the highest respect,
I have the honor to be,
Your obedient servant.
D. RAYMOND.

BALT. NOV. 14, 1820.

# PREFACE.

A PREFACE usually sets forth the motives of the author in writing his book—his inducement to publish it—excuses and apologies for the imperfections of his performance, and concludes with a deprecation of criticism.

The following sheets were written to please myself—my principal object in writing them, was employment. The public has not seen fit to give me constant employment in my profession, otherwise this book had never been written. I had read musty law books till I was tired. Idleness was irksome, and I sought relief in putting on paper some of my notions on political economy. If the public shall think this a sufficient justification for writing a book, it is well; if not, I cannot help it—I have no other to offer.

As to my inducements for publishing it, I know not what to say. I fear I can plead noth-

ing which the public will think satisfactory—I cannot avail myself of that stale excuse, "the solicitation of friends," for no person, save the printer, ever saw the book in manuscript, and of course they could not have advised me to publish it. Whether it would have been possible to obtain their solicitation or not, is more than I can say, as I was afraid to make the attempt, lest I should get *discouragement* instead of *solicitation*. The best excuse I can allege for publishing, is, that it pleased me so to do, and one feels a sort of satisfaction in doing as he pleases, without consulting any one. If I have done wrong, the public will of course punish me as I deserve. If it shall please the public to read what I have written, well; if not, although not quite so well, it will, perhaps, be well enough, as the neglect of the public may teach me a good lesson, but will neither make me the worse or the better man; and philosophers tell us, it is the part of wisdom to disregard public opinion; which is a very consoling doctrine to an author who has written a book that nobody will read.

I have no excuse or apology to make for the imperfections of the performance. It is as perfect as I could make it, in the time and with the materials I possessed; although far less perfect than it ought to be. But if the public want a

more perfect work, they must set a more competent man to make it.

As to deprecating criticism, I disdain to do it. I have too great a contempt for our modern race of critics, to cry their mercy! They are judges of literary merit of about the same grade and stamp that *fashionable* ladies are judges of personal merit, and both judge by much the same rules. A fashionable lady looks no deeper into a man's character than his ruffles, in order to form an opinion of his personal merit. If he ties his cravat well—wears his hat well—has a fashionable coat—makes a graceful bow, and repeats the common *chit chat* of the day, in an agreeable manner, it is enough. He is, according to the technical phrase, a *genteel man.* If he has other qualifications, they are of too little importance to be taken into consideration. If he has not *these*, no other merit can save him from condemnation and ridicule. So with our modern critics. They look no deeper than the mere *ruffles* of a literary production—their intellectual vision is not strong enough to penetrate farther. Their taste has been formed by reading the mawkish poetry and pompous verbiage of modern days, and by these they presume to estimate the merit of a literary production.

Time *was* when books were made to record ideas, and when the merit of a book was determined by the ideas to be found in it. Time *is* when books are made to record *words*, and when the self-constituted judges ascertain their merit, by the words being arranged according to the fashionable *cut*. So time *was* when personal merit was determined by the impress which nature had stamped upon a man; but time *is*, when the self-constituted judges ascertain personal merit by the handiwork of the tailor and dancing master. A man of sense will place about the same value upon the judgment of either.

To the opinion of sensible, intelligent men, who are capable of estimating the merits of a literary production, and will judge of it impartially (of whom I would fain believe there are a goodly number in these United States,) no modest author can be indifferent. He awaits their judgment with fear and trembling. The favourable opinion of such men will be a consolation to him in the sharpest hours of adversity. The unfavourable opinion of such men will make him writhe in anguish whenever it crosses his mind, even in the period of the greatest prosperity.

As for the book itself, I have nothing to say respecting it. To those who read it, it will

speak for itself—those who do not read it, have no right to be informed, any thing about it. The subject is a great one, even greater than the greatest minds have been able to master. It is deeply interesting to every man who feels an interest in the welfare of his country. There is no American treatise on the subject, and it is a reproach to our country that there is none. The only American book that has the semblance of a treatise on political economy, is Hamilton's Reports, as secretary of the treasury; and, although Hamilton was one of the greatest men that ever lived, and illuminated into broad day light whatever subject he touched, however dark it might have been before, yet in these Reports, he does not profess to treat of political economy generally, but only of detached parts of it.

I am far from supposing that this book can properly be denominated a general treatise on political economy. I do not profess to be competent to write such a book—all I say is, that it is a more general treatise than any that has to my knowledge, been written in our country, and all the merit I claim for it, on this account, is, that of having made a humble effort to break loose from the fetters of foreign authority—from foreign theories and systems of political economy, which from the dissimilarity in the nature of the governments, renders them alto-

gether unsuited to our country. I have made a feeble attempt to do my country some service in this way, and if I have not been successful, the fault is not mine. Let those who are endowed with greater talents, exert them as faithfully in the same cause, and we shall not be under the necessity of importing foreign systems of political economy, whatever else we may have occasion to import.

*Balt. Nov.* 14, 1820.

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## PART II.

# THOUGHTS

ON

# POLITICAL ECONOMY.

## PART FIRST.

### CHAPTER I.

*Introduction.*

Political economy is a science which teaches the nature and causes of public or national wealth. If a subject be interesting and important in proportion to the sum of human happiness which it involves, then political economy is the most interesting and important science that can engage the attention of the philosopher. It professes to teach the most effectual means of promoting a nation's wealth and happiness, and it embraces every subject which has a tendency to promote them. The arts and sciences, agriculture, commerce, and manufactures, the administration of justice, and even public morals and civil liberty, are but branches of this comprehensive science, inasmuch, as they may all be made the means of promoting national wealth. "So extensive a science, af-

fords scope for the exertion of all the powers of the most powerful minds."

The science of political economy, according to its present acceptation, was altogether unknown to ancient nations. They thought of no other mode of promoting a nation's prosperity and wealth, but conquest and plunder. This is true of all ancient nations, if we except the Phœnicians, Tyrians, and some minor cities, whose advantageous situation for commerce, led them to seek wealth and industry, and whose weakness prevented them from seeking it by conquest and plunder. The history of Persia, Greece, and Rome, the three most powerful and celebrated nations of antiquity, is but a history of pillage and rapine—of wars entered into for the purpose of wresting from their weaker neighbours their substance, and of reducing them to slavery. The idea of promoting national wealth by patient persevering industry, never entered into the policy of the rulers of these nations; nor did the people themselves, evince any disposition to cultivate the earth, any farther than necessity compelled them, to prevent starvation. If they pursued agriculture or any other regular course of industry for subsistence, it was because they had not the power of compelling others to do it for them.

"Ages had rolled away, long before men perceived, or even before they suspected a more productive, a more abundant source of wealth, than the misery of their fellow creatures. Communities or individuals, all fancied they could not be rich, but by seizing the property of others, and all attempted to secure a surplus by depriving others of their absolute necessary."*

* Ganilh. Pol. Econ. 24.

"Rome being without commerce, and almost without arts, pillage was the only road to wealth. There was, nevertheless, a kind of art and regularity observed in plundering. The booty was collected into one heap and distributed among the soldiers. Masters of the world, the Romans arrogated to themselves all its treasures. Their rapacity as conquerors was less unjust than as legislators. Having heard of the immense wealth of Ptolemy, king of Egypt, they passed a law by which they constituted themselves heirs of a living monarch, and confiscated the dominions of an ally. The cupidity of private individuals, was not backward in seizing whatever had escaped public avarice."*

After the Romans had arrived at the zenith of their power and glory, and had conquered and plundered all the nations of the earth, whose possessions could afford an object for their cupidity, they became in turn a prey to their hungry, restless, and depredating neighbours. They were attacked and overrun by hordes of people, who felt the necessity of living, but who did not feel the necessity of obtaining a livelihood by honest industry, in cultivating the earth.

The Roman empire overthrown, and other nations established upon its ruins, the same policy, which seems to be the dictate of the natural disposition of man, was pursued. The history of the middle or dark age, is a history of plunder, carnage and desolation; of public and individual robberies; of violence and rapine. This continued to be the prevailing policy of the age, and indeed of all ages, until Europe became

* Montesqueiu.

parcelled out and divided up among distinct and independent nations, nearly equal in power and improvement; which served as security and protection to each other, and rendered it impossible for any one nation to subsist by plunder; and compelled all to have recourse to agriculture, commerce, and manufactures for subsistence.

There were, it is true, during this period also, some exceptions to this generally prevailing policy, but these exceptions were the result of necessity, not of choice. Venice, Genoa, Florence, and some other small and weak cities and states, being favourably situated for commerce, and not having the power to engage in the ordinary system of plunder, directed their attention to various branches of industry, and particularly to commerce, by which they carried private and public wealth to a much greater pitch, than any other people of those times. This however was the result of necessity, not of choice; for the history of mankind in all ages of the world, shows, that they will never labour for subsistence, so long as they can obtain it by plunder—that they will never labour themselves, so long as they can compel others to labour for them. And it is sufficiently manifest, from what mankind have done, what they would have continued to do, had their circumstances remained the same. If they have always, when they had the power, individually and collectively, lived by plunder, instead of living by honest industry; we may fairly infer, that they would always have continued to do so, had the power always remained.

But when the continent of Europe became parcelled out among distinct nations, of nearly equal power; when the art of war, especially the means of defence, had been brought to such a degree of perfection, as to render the system of plunder, not only very precarious, but very expensive: not only governments, but the people, found it necessary to direct their attention to industry, and to other objects of enterprise. Public as well as individual enterprise was directed to the cultivation of the earth; to manufactures, and especially to commerce, as the surest and most effectual means of acquiring wealth. Governments, compelled by necessity to abandon their systems of war and conquest, found it for their interest, to direct their attention to the protection of individual rights, and to the encouragement of individual enterprise.—Men of science and learning began to turn their attention to improvement in the arts. Navigators began to venture out of sight of land, and to traverse the ocean in search of new countries, and new theatres of enterprise and ambition. The learned began to search into the causes of national wealth, and frame systems of political economy. These were the natural consequences of the then political situation of Europe.

To the restraint placed upon the restless and enterprising spirits of the fifteenth century, in consequence of the equality which then existed among the nations of Europe; and of the improvement made in the science of war, and in the instruments of warfare; which had rendered war the sure means of reducing a nation to weakness and distress, instead of promoting its wealth and power, is no doubt to be attributed

the discovery of America; and the improvement made about that period in a great many other arts and sciences, as well as in navigation.

The discovery of America was a grand epoch in the history of the world. It was the most wonderful event that had ever occurred, whether we consider the happiness or the misery which it has brought upon mankind. This discovery opened a new and boundless field of enterprise and ambition to the astonished nations of Europe; and it was seized upon, with all the avidity of the most enthusiastic adventurers. But unfortunately for humanity, the system of violence and rapine, which had always been the distinguishing characteristic of man, whenever he possessed adequate power, was revived and transferred to the new world, with tenfold horror. The first adventurers to America had no idea of acquiring wealth by a regular course of industry in cultivating the soil. Plunder and devastation was the most ready, and therefore, according to their notions, the most expedient, if not the most legal mode of accumulating riches. Whole countries were plundered, laid waste, and depopulated, by these insatiable marauders. The wretched inhabitants were seized by violence, apportioned among the captors, and reduced to slavery. It is stated upon unquestionable authority,* that the inhabitants of Hispaniola alone, were in the course of fifteen years, reduced from a million to sixty thousand, and in the course of a very few years, wholly exterminated.

The race of Indians, being impatient of labour, and in the course of a few years almost annihilated; these

* Robertson's History of America.

rapacious Europeans, calling themselves christians and civilized men, directed their attention to Africa, for a supply of men, whose constitution and temper, were better adapted to the purposes of slavery. This detestable traffic in the African race, commenced early in the sixteenth century, within about twenty years of the discovery of America by Columbus. During a period of nearly three hundred years, that abominable trade continued to increase in magnitude, and enormity; and has been carried on under more circumstances of shocking barbarity, than can any where else be found in the annals of human misery. Unfortunately for our country, and long and deeply shall we deplore it, we are not free from the deadly sin of having participated in the violence and outrage committed upon the African race. Our fathers and ourselves have tasted the forbidden fruit, and the *curse* resteth upon us.

To find that man by nature possesses a disposition to violence and plunder, is indeed a humiliating reflection. Finding also that this plundering disposition is in direct violation of the laws of nature, inasmuch as it not only brings distress and misery on the victims of it, but also sooner or later, plunges the aggressors into deeper misery, than that from which they thus unlawfully attempt to extricate themselves, we are naturally led to inquire, why it is, that this propensity has so universally characterized the human race, and whence arises this obstinate perseverance in a course of conduct, so manifestly unjust, and so totally inadequate to the accomplishment of the object for which it appears to be adopted.

The solution of this seemingly strange perversity in the human character, may be found in the following sentence of condemnation, pronounced upon fallen man by his Creator. "And unto Adam he said, because thou hast hearkened unto the voice of thy wife, and hast eaten of the tree of which I commanded thee, saying, thou shalt not eat of it; cursed is the ground for thy sake: in sorrow shalt thou eat of it, all the days of thy life: thorns also and thistles shall it bring forth to thee; and thou shalt eat the herb of the field. In the sweat of thy face shalt thou eat bread, until thou return unto the ground; for out of it wast thou taken: for dust thou art, and unto dust shalt thou return."

Those who believe in revelation, believe this to be the express sentence of God himself, pronounced upon his fallen creature man. Those who do not believe in revelation, will nevertheless believe this to be the irrevocable law of nature, because they know it to be so, by woful experience: and we all know, that whether it be the express or tacit law of God, it has been and will continue to be severely and rigidly executed, according to its tenor. We also know, that from the time the sentence was pronounced to the present day, mankind have been struggling against it, and striving by every means in their power to extricate themselves from its operation. But all their struggling has been and will be in vain—every unlawful effort only plunges them deeper and deeper into the abyss of misery.

Had all mankind submitted with patient resignation to the sentence; how much fraud, violence, and crime would it have prevented? How much human misery would it have saved? Had such been the case,

who would have defrauded his neighbour of the product of his labour or of his wealth, that he might himself be exempt from labour? Who would have robbed and murdered for gold? Who would have seized upon his fellow man, and reduced him to slavery, that he might himself live in idleness and ease? Who would have attempted to shift the burden from his own shoulders, which God himself had placed there, to the shoulders of his neighbour? What necessity would there have been for bars and bolts against the midnight robber? What occasion for prisons and scaffolds as a punishment and a terror to evil doers? What occasion would there have been, for all the machinery of warfare?

But for man's rebellion against this sentence, the pages of history had not been stained with the recital of the rapine and slaughter, which characterises all the nations of the earth from their earliest history. The Roman power had not grown to such an enormous magnitude, by feasting upon the blood and spoil of her surrounding neighbours. The discovery of America had not been followed by plunder and desolation, at the very recital of which, humanity sickens. The African race had not been seized by violence and reduced to hopeless bondage.

But notwithstanding the unremitted exertion, which mankind have made,—notwithstanding all sorts of means have been resorted to, for the purpose of extricating themselves from the operation of this sentence, how few in comparison to the whole number, have accomplished their object! How much deeper in misery has the greater portion sunk themselves, by their unlawful exertions!

The great mass of mankind in all ages and in all countries, have been obliged to submit to their doom of "eating bread in the sweat of their faces." And among those who have endeavoured to extricate themselves from this necessity, by fraud and violence, by far the greater portion, have utterly failed, and have subjected themselves to a tenfold greater *curse*. He who made the law does not lack ability to carry it into execution, nor does he permit it to be violated with impunity. How forcibly is this exemplified in the case of negro slavery! The sins of the fathers are visited upon the children, not only to the fourth but to the fortieth generation.

God has expressly declared in his revealed law, according to the christian's faith, that "man shall eat bread in the sweat of his face," or in other words, that manual labour shall be the only means, by which he shall be enabled to procure the necessaries and comforts of life. The laws of nature according to the infidel's belief, have declared the same thing; but man, has never evinced a disposition to submit voluntarily to this law. All admit the existence of the law and the necessity for labour. but all endeavour to cast the burden from their own shoulders, upon those of their neighbour or their fellows. This they do sometimes by force and violence, sometimes by fraud and cunning. Nothing but necessity compels them to carry it themselves.

In a state of nature, men are nearly upon an equality as regards physical power. One man has not therefore the ability to supply his necessities, by plundering his fellow men. He has not the ability to *eat bread in the sweat of* another's *face*. One man

will not voluntarily labour for the support of another, nor has that other the power of compelling him to do so, by reducing him to slavery. In this extremity individuals unite their strength, by forming themselves into hordes, communities, and nations, to enable them to go with greater force against their neighbours; against single handed defenceless individuals, or weaker nations, and plunder them with impunity. Hence the origin of the *social compact*. This is the fundamental principle; the chief corner stone of human society.

Many ingenious men have amused themselves and others, in forming theories respecting the social compact. Some suppose it to have originated in one way, some in another. Some suppose it to have been formed for one purpose, some for another. Some suppose it to have been formed for defence, some for aggression. It is true, that every thing on this subject is mere speculation; and one man has as much right to form theories as another, but it is very clear, that aggression must precede defence, and that before communities could have been formed for defence, there must have been others formed for aggression. Had there been no such thing as attack, men would never have thought of defence. The primary object therefore in forming the *social compact*, must have been plunder; and the first article of that compact, no doubt was, "*we will plunder our neighbours.*" The second article probably was, "*we will not plunder each other.*" This article was necessary to enable them to carry the first into effect. Other articles were afterwards added, as the occasion and necessi-

ties of the society required; until the social compact has increased to its present form and dimensions.

This then was the amount of the social compact in its inception. We will plunder our neighbours—we will evade or extricate ourselves from the sentence of the law promulgated by God himself. We will eat bread in the sweat of our neighbour's faces, and not in the sweat of our own, and in order to do this, we will not plunder each other. "With this intent were framed the constitutions of the ancients, and of the people of the middle age; in this spirit were their laws conceived, digested, and executed; such was the peculiar character of their institutions, governments, and public and private manners; such the end of their social compact."*

The whole history of mankind shows, with what lamentable fidelity the first article of the compact has been fulfilled; and the criminal code of every civilized nation on earth, shows the deplorable extent to which the second article has been violated.

By this compact, not only the physical power of individuals was combined, but their ingenuity and talents also. Hence the improvement which has been made in the art of war and in the science of warfare. It has thus continued to progress, until it has arrived to its present state of perfection. The formation of one society compelled the unprotected individuals, who, single handed, were unable to make head against the aggressions of this association, to form themselves into similar societies, either for the purpose of defence, or aggression. In this way have all

* Ganilh. Pol. Econ. 24.

mankind become formed into communities or nations. Hence national has succeeded to private warfare, and public has succeeded in part to private plunder. The natural equality among men has been destroyed, or rather swallowed up in national power. The weaker nations have been reduced to bondage, or compelled to pay tribute to the stronger. What was said of the Scythians, may with great propriety be applied to all mankind, who have it in their power to indulge their natural propensity. *Etinim, hoc illis servitus, est nullos habere quos depraedantus.*

The hordes of barbarians who overran the Roman empire, had no other object but plunder, and this object they pursued until necessity compelled it to be abandoned. Had any one nation acquired such an ascendency and power, as to have been able to pursue the system and policy that Rome pursued, there can be little doubt, but that the plundering system would have prevailed, and the science of political economy, as it is now understood, would never have been thought worthy of consideration by the rulers of mankind. But, fortunately, no one nation has acquired such an ascendency. Europe is parcelled out among a community of nations, nearly equal in power and improvement in the science of war, and the plundering system has, at least in part, been abandoned from necessity. Both rulers and people have felt and acknowledged the necessity of turning their attention to lawful industry, and of eating bread in the sweat of their faces. So far as regards nations, mankind have been brought very nearly within the operation of the sentence pronounced upon them by the Almighty. This however has been done no farther than neces-

sity compelled, for whenever an opportunity offers, the system of plunder is resorted to. No sooner was America discovered, than it became the theatre of plunder for every European nation, who had the ability to carry it on, and it has been persevered in, modified as policy should dictate, by all who possessed colonies in the new world.

But although in regard to nations, mankind are brought very nearly within the operation of the sentence pronounced upon them by the Almighty, so that nations are obliged almost exclusively to rely upon their own industry, for their enjoyment of the necessaries and comforts of life, yet in regard to individuals composing those nations, this is far from being the case. The first article in the social compact has been faithfully executed, as far as it was practicable. The second article has been and still is evaded, or forcibly violated by a large portion of every community. How many people do we see in every community, who instead of supporting themselves by their own industry, contrive to supply themselves with the necessaries and comforts of life, from the industry of others? Some do this by fraud and overreaching. Some by direct violence—some by the exercise of their wits in one way, some in another. Some by the permission or the express provision of law, others in violation of it. What a host would there be, if all the people in the United States even, who live by the labour of others, were collected together?

Both these systems of public and private plunder, are in direct violation of the laws of nature and of the divine law, if there be any difference between them; and both have a pernicious influence upon national

wealth and human happiness. It is man's fate to be obliged to labour for his bread, and he has as much hope of success, in attempting to evade the fate of death, as in attempting to evade the fate of toil, or of something worse. He who made the law has the power in one way or another, of punishing its violation.

As the science of political economy points out a road to national wealth, in direct opposition to that of plunder and conquest, the two can never exist together in harmony. The one system is destructive of the other. One is in conformity of the laws of nature—the other in violation of them. One teaches nations in what way they can supply themselves most abundantly with the necessaries and comforts of life by their own labour. The other in what way they can most effectually supply themselves by the labour of others.

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## CHAPTER II.

### *National Wealth, What?*

Every writer on political economy, has acknowledged the difficulty of framing a correct definition of national wealth, and of ascertaining in what it specifically consisted. "As if the inability of ascending to general causes were the inevitable lot of man; the sources of wealth have hitherto escaped the most laborious research. The solitary and combined efforts

of the most distinguished writers among the most celebrated nations of Europe, have alike been unable to dispel the clouds in which these sources are enveloped. Opinions, arguments, and controversies, have been heaped together, which by their variety and multitude, embarrass and fatigue the mind. The difficulty of choosing between them, disheartens the student, and leaves him in doubt and uncertainty. If he should wish to know wherein national wealth consists; how great will be his surprise, at meeting with so many different and even contradictory opinions, in the most esteemed authors?"*

Before a man can write intelligibly on any subject, it is necessary for him to have clear and distinct ideas of the subject itself. A man who does not know in what national wealth consists, or who cannot give a correct definition of it, cannot be expected to write a very intelligible, or a very useful treatise on political economy.

My object in the present chapter, is to ascertain in what national wealth consists, and to give a definition of it. In a subsequent chapter, I shall endeavour to show that the most approved writers on political economy, are altogether wrong in their notions of national wealth—that they have entirely mistaken the subject,—that their definitions are radically erroneous, and consequently, their writings are ambiguous, confused, and unintelligible.

To the correct understanding of every subject, but more especially of every science, it is indispensably necessary, that we attach precise and accurate ideas

* Ganilh, Pol. Econ. 2.

to the words we use, and indeed, no subject can with propriety be denominated a science, unless there are certain technical phrases or terms of art relating to it, which are not liable to be controverted, and which always convey the same idea to its professors. With what propriety can that subject be called a science, in which there is not one single uncontroverted definition? Not one single technical word, but what may and often does convey very different ideas to different persons? In such a case, what are we to expect but ambiguity, embarrassment, confusion, doubt, and uncertainty?

There is not upon record a single uncontroverted definition of national wealth, nor indeed is there, in all the volumes that have been written upon political economy, a single technical word or phrase, which always conveys the same idea to the reader. It is not therefore to be wondered at, "that opinions, arguments, and controversies, have been heaped together, which by their variety and multitude fatigue and embarrass the mind. It is of the utmost importance, therefore, for the success of political economy, that the mysterious veil, which has hitherto concealed the true nature of wealth should be removed."

Whether I shall be more successful than others have been, in ascertaining in what national wealth consists, and in framing a definition of it, remains to be proved. Of this, however, I am certain, I shall frame a definition radically different from any hitherto framed, and I shall endeavour to show that national wealth consists of something entirely different from what the most approved writers have supposed.

The great source of error on this subject, has been the confounding of national with individual wealth, than which no two things can be more different or distinct. A nation is not more distinct from an individual, than national wealth is distinct and different from individual wealth. It is most unfortunate for the science of political economy, that the word *wealth* has been applied indiscriminately, to nations and to individuals. It has been the cause of much ambiguity and uncertainty in the science. When the word wealth is applied to individuals it has a precise meaning, which every body understands, and when the same word is applied to nations, we carry with it the same meaning, although in reality, it then has or should have, a totally different meaning. Had the word *wealth* been exclusively applied to nations, and the word property or riches, been exclusively applied to individuals, a great many of those clouds which envelope the science of political economy, would have been dissipated. In philology, however, usage is the most imperative law, and it is in vain to struggle against its authority, and this law has ordained that the words *wealth*, *property*, and *riches*, are often all synonymous, and applicable both to individuals and nations. All that can be done, therefore, is to explain the meaning of the word wealth, when applied to a nation, and to give notice that when thus applied, it has always that precise meaning.

If we would have correct and clear notions of national wealth, we must be careful to keep in mind the distinct notion of a nation itself, and not confound it with the individuals, or any portion of individuals of which that nation is composed; a thing that is often

done by the best writers on political economy. It is indeed the prevailing error of every writer on the subject that I have read. While they profess to treat of national interests, they depart from the subject and treat of individual interests, or of the interests of some constituent part of the nation, which causes ambiguity and want of precision. This proceeds more from carelessness than ignorance, for it cannot be supposed that any writer is ignorant of the meaning of the word *nation*. It is however of little use to know the meaning of the word, unless that meaning is constantly attached to it.

A nation, it is true, is an artificial being, or a legal entity, composed of millions of natural beings; still it possesses all the properties and attributes of a being, which are as distinct and strongly marked, as the properties and attributes of any natural being, and these must be constantly borne in mind, if we would reason correctly on the interests or rights of this being.

A nation is a UNITY, and possesses all the properties of unity. It possesses a unity of rights; a unity of interests, and a unity of possessions; and he who professes to treat of the interests of this unity, but departs from them, and treats of the interests of some constituent part of it, will just as certainly arrive at a wrong conclusion, as the arithmetician would, who in performing an algebraic computation, should leave out one term of the equation.

The interests of a nation, and the interests of individuals composing that nation, may, it is true, and often are, in unison. They may be identical, but they are not necessarily so—so far is this from being

the case, that they are often directly opposite. So national and individual wealth may be one and the same, but they are not necessarily so. It will be shown hereafter, that individual wealth is often national poverty, and I think I shall be able to show, conclusively, that the word wealth, as applied to individuals, never can, with propriety be applied to a nation. It is true, that an individual may be wealthy or possess wealth, in that sense of the word in which a nation is wealthy, or possesses wealth; but a nation never can possess wealth, in that sense of the word in which it is always applied to individuals.

What then is the difference between national and individual wealth? Where lies the distinction? To ascertain this we must first ascertain the meaning of wealth, when applied to individuals.

What then, in the ordinary acceptation of the term, constitutes individual wealth?

THE POSSESSION OF PROPERTY, FOR THE USE OF WHICH, THE OWNER CAN OBTAIN A QUANTITY OF THE NECESSARIES AND COMFORTS OF LIFE.

The word property, includes lands, goods, money, and stock. Stock may, perhaps, more properly be denominated the representative of property, so that property, will then only include lands, goods, and money, or what lawyers denominate real and personal property, which includes every thing that is the subject of property. The quantity, or rather the value of these, that an individual possesses, ascertains the amount of his wealth, or riches. The word wealth, when applied to an individual, means nothing but property, according to the above definition. A man who has neither land nor goods, is never said to be

wealthy or rich. He may possess talents or skill, which will enable him to procure the necessaries and comforts of life in great abundance, still we do not say of such a man that he is wealthy or rich, although his talents and his skill, may be a means by which he can acquire wealth.

An individual to be wealthy or rich, must be able to obtain a quantity of the necessaries and comforts of life for the use of his property. If it be land he must be able to rent it or sell it, for a quantity of the necessaries and comforts of life. If it be money, or goods, he must be able to loan or exchange them for a quantity of the necessaries and comforts of life. If this cannot be done, the property is of no value, and of course cannot constitute wealth. If a man has a million of acres of land, which he can neither rent nor sell for a peck of corn, or a dollar in money, he would not, nor indeed could he, with propriety be called a man of wealth. So if he had a million of dollars in gold and silver, which he could neither loan nor exchange for any, the smallest quantity of the necessaries and comforts of life; the term wealth could, with no propriety, be applied to him. If a man was alone upon an island in the south sea, although his land might be ever so fertile, and gold and silver ever so abundant, still if he could neither sell nor rent his land, nor exchange his money, for the necessaries and comforts of life, he would not be wealthy, in that sense of the word, in which we apply the term to an individual.

If then, an individual has property, for the use of which, he can obtain a quantity of the necessaries and comforts of life, he possesses wealth, but not otherwise.

The word *use* is not restricted in its meaning to time. If a man rents land or loans money, he grants the use of it for a limited time. If he conveys his whole interest in the land or money, he grants the use of it for ever.

Strictly speaking, property, for the use of which, ever so small a quantity of the necessaries and comforts of life can be obtained, constitutes wealth, as applied to individuals; but this is by no means the sense in which the word is ordinarily, or indeed, ever used. The words *property* and *wealth* are sometimes synonymous, but not always. They are synonymous to a certain, but not to the *utmost* extent. No man, learned or unlearned, would ever say that an individual who had but one dollar in money, or a quantity of land which he could rent or sell, but for one bushel of corn, was a man of wealth, although the dollar and the land would be property, provided he could exchange either the dollar or the land for a bushel, or even a less quantity, of corn.

The terms of the definition of individual wealth cannot, however, be changed, without effecting its precision, because no precise amount of property has been or can be fixed upon, as constituting wealth. We cannot say, that a man who possesses property, for the use of which, a certain quantity of the necessaries and comforts of life can be obtained, is wealthy or possesses wealth, and that a man who has a less quantity, is not wealthy, or does not possess wealth.

My object is merely to explain the principle, and then every man can apply it according to his notion of

what is a necessary quantity of the necessaries and comforts of life, to constitute wealth.

According to the notions of some, a man who has property, for the use of which he can obtain five hundred dollars a year, or in other words, a quantity of the necessaries and comforts of life, of which five hundred dollars, is the representative or measure, is a man of wealth. According to the notions of others, five thousand dollars a year, for the use of his property, would be as little as could possibly constitute a man of wealth, and there are those who would think fifty thousand dollars, as little as would answer the purpose. It is, therefore, impossible to fix upon any precise standard of individual wealth. All that can be done is to ascertain what is meant by the word wealth, when applied to individuals, and to fix upon a minimum which all will agree is necessary to constitute it.

What then is that minimum? All will, I think, admit that it must be a quantity of property, for the use of which, the necessaries and comforts of life may be obtained, without the manual labour of the owner. A man who is obliged to labour for the necessaries and comforts of life, cannot be called wealthy or rich; if he can obtain these, for the use of his property, without manual labour, he may be, in the opinion of some, a wealthy man. This again will depend on the quantity he consumes. If he consumes a quantity equal to five hundred dollars a year, and can obtain only four hundred dollars for the use of his property, the other hundred must be supplied by his own industry, and he is not a wealthy man; but if he consumes a quantity equal only to two hundred dollars,

and for the use of his property, he obtains three hundred dollars, he is a wealthy man, according to this rule; and this is, I believe, the lowest standard of individual wealth, that any one will contend for. No man, who is obliged to labour for his bread, ever was, or ever can, with propriety, be called a man of wealth.

Wealth then, when applied to individuals, means such an amount of property, as will enable the individual to procure the necessaries and comforts of life, which he consumes, without his own labour. It matters not, whether he labours with his hands or his head; whether he obtains a livelihood by digging in the field, or by practising a profession; it is all labour, and productive labour too, as will be shown hereafter.

The term wealth, according to this definition, never can be applicable to a nation. No nation ever did, or ever will possess property, for the use of which, it can obtain the necessaries and comforts of life for a single day, much less for months and years. A nation, it is true, may possess money, which it may loan to other nations, and receive for the use of it, a quantity of the necessaries and comforts of life, or it may exchange the money for them, but this can never be done to any considerable extent. It is impossible, in the nature of things, that any nation should possess such a fund, as would enable it to purchase the necessaries and comforts of life, from other nations, in sufficient quantities to supply the nation for a single week; and if a quantity of property, money, goods, or lands, which will enable an individual to supply himself with the necessaries and comforts of life, for a week only, does not constitute him a man of wealth, with what propriety can it be said, that a nation, with less means, in

proportion to its wants, possesses wealth in the same sense of the word?

My object is not to prove that there is, or can be, no such thing as national wealth; but only, that there is, or can be, no such thing as national wealth, in that sense of the word, in which it is applicable to individuals. From this, it will follow, that when the term wealth, is applied to a nation, in the same sense we apply it to individuals, it conveys an erroneous idea, and that national wealth is something totally distinct from individual wealth.

If a nation cannot supply itself with the necessaries and comforts of life, by loaning its money to other nations, neither can it by renting or selling its lands to them. The very operation of such an act, would be the destruction of the nation. An individual is wealthy, because he can rent his lands, or loan his money, for a quantity of the necessaries and comforts of life, sufficient for his support, and unless he can do this, he is not wealthy. A nation can neither rent its lands, nor loan its money, for a quantity of the necessaries and comforts of life, sufficient for a thousandth part of its support; a nation, therefore, cannot be wealthy, in that sense of the word in which an individual is wealthy; and any political economist, who applies the term wealth, to a nation, in the same sense in which it is applied to individuals, applies it erroneously, and will be sure to go astray himself, and to lead others astray upon the subject of political economy, or of national wealth.

It must be remembered, that a nation is as much a unity, as an individual, and must always be so considered, when treating of national interests. It pos-

sesses all the properties of unity—unity of rights, possessions, and interests. An individual cannot rent his lands to himself, neither can a nation. An individual cannot loan his money to himself. neither can a nation. A nation must be considered as standing in precisely the same relation to other nations, that an individual stands in to other individuals. Unless we keep up this idea, we get confused and bewildered at once, and political economy becomes a labyrinth of endless confusion.

Nothing is more common, than for writers on political economy, to take a constituent part of the nation for the nation itself. Thus, a few rich, and a few great men, are ordinarily considered as constituting the nation, and when such an idea is attached to the word nation, it is natural enough, and proper enough, to apply the word wealth to it, in the sense in which it is usually applied. Such a nation may be wealthy in that sense of the word, in which an individual is wealthy; it may possess property, for the use of which it can obtain the necessaries and comforts of life, in the greatest abundance, without labour; it may loan all its money, lease all its lands, and sell all its goods, and receive in exchange whatever the heart can wish, without suffering the least inconvenience.

It may be very convenient to attach such an idea to the word *nation*, for the purpose of establishing a particular theory in political economy, but the theory is false, from the very foundation. A nation is one, and indivisible; and every true system of political economy must be built upon this idea, as its fundamental principle.

Writers on political economy, have fallen into error on this subject, by pretending to reason from individuals to nations, without taking into consideration the different circumstances in which they are placed.—We may always reason safely from individuals to nations, provided we reason accurately; but unless extremely cautious, there is danger of losing the way—of not pursuing the analogy.

When we apply to nations, the principle which govern individuals, we must consider nations as individuals, distinct in all their properties, and not as part nation and part individual. The nation must be considered as one, and indivisible; its rights, interests, and possessions, as one and indivisible. But the misfortune is, that we are perpetually embarrassed and bewildered, by confounding national with individual interests.

A principle may be true, when applied to a nation, as an individual, or unity, but it may be untrue when applied to a constituent part of that nation. Individual interests are perpetually at variance with national interests. An individual, or part of a nation, may derive great benefit from carrying on the slave trade, while the nation itself would receive great detriment from it. But, although individual interests are frequently at variance with national interests, yet national interests are never at variance with themselves.

Had writers on political economy preserved the idea of a nation's UNITY, and had they adverted to the different circumstances in which an individual is always placed, from those in which a nation must always be placed, they never would have concluded,

that a nation could become wealthy, in that sense of the word, in which an individual becomes wealthy, nor would they ever have attached the same idea to the word *wealth*, when applied to a nation, which they do when applied to an individual.

An individual is surrounded by millions of other individuals, with whom he has constant and familiar intercourse; to whom he can always grant the use of his land, his money or his goods, and receive for their use a quantity of the necessaries and comforts of life, equal to their value.

A nation is, as it were, alone in the world. It is a huge unwieldly being, possessing as a nation no loco-motive powers. It is situated at a vast distance from any other nation. Its lands it cannot rent, nor sell; but must cultivate them itself—its money it cannot loan—it daily consumes such a vast quantity of the necessaries of life, that if they were brought from foreign countries, it would require the shipping of all the world to bring them.

This huge artificial being, is composed of millions of natural beings, upon whom the sentence has been pronounced, "in the sweat of thy face shalt thou eat bread."

The same law that governs all the parts must also govern the whole. A nation never can, therefore, eat bread, but in the sweat of its own face. It may, it is true, plunder and rob its neighbours, and in that way obtain a little portion of subsistence without labour; but this is a thing of too small an amount, to be taken into consideration, in a system of political economy—it is a very small exception to the general rule.

It being then established that national wealth is something totally different from individual wealth, it follows, that the word *wealth*, when applied to a nation, must have a totally different meaning from the one we attach to it, when applied to individuals.

What then is this meaning? What is the true definition of national wealth?

I shall define it, A CAPACITY FOR ACQUIRING THE NECESSARIES AND COMFORTS OF LIFE.

This definition will, I believe, include every thing that can constitute national wealth. A capacity for acquiring by labour, the necessaries and comforts of life, for all its citizens, is as high a degree of national wealth, as any nation ever did, or ever can hope to obtain; and the comparative wealth of different nations, will always depend upon the extent of this capacity. If one nation possesses a greater capacity for acquiring the necessaries and comforts of life than another, it possesses a greater share of national wealth.

This capacity never can exist independent of labour. Its extent, however, will depend upon a great variety of other circumstances. It will be materially influenced by the nature of the government. The energies of a nation, can be more fully developed, under a free, than under an arbitrary or tyrannical government.

This capacity will also depend materially upon the climate and soil of the country; on the extent of territory in proportion to the number of inhabitants; on the denseness of population; upon the equal or unequal division of property; upon the state of cultivation and improvement; on the degree of perfection to which the arts and sciences have been carried; on the

nation's advantageous situation for commerce. But more than any one thing else, this capacity depends on the industrious habits of the people.

A nation may possess the most extensive and fertile country, susceptible of being made to yield, in the greatest abundance, all the most valuable products of the earth; still if the people have not industry, it will profit them nothing; they will be poor and wretched. On the contrary, let a country be ever so sterile by nature, yielding most sparingly the fruits of the earth, still, with industry, the people may possess a much greater capacity for acquiring the necessaries and comforts of life, than their idle neighbours, who are blessed with all the advantages of climate and soil.

An individual who possesses industrious habits, has a much greater capacity for acquiring the necessaries and comforts of life, than one in otherwise similar circumstances, but of idle habits. So a nation, whose people are confirmed in habits of industry, and are accustomed to labour, possesses a much greater capacity for acquiring the necessaries and comforts of life, than another nation, otherwise similarly situated, but whose people are of less industrious habits. Industrious habits, therefore, constitute a very important item, in the stock of national wealth.

Although a nation can never attain to positive wealth, in that sense of the word that we apply it to individuals, it does not follow, that there is no such thing as national wealth, or that it cannot be augmented. If one nation has a greater stock of industry than another, it has, in this particular, a greater capacity for acquiring the necessaries and comforts of life than the

other, and therefore, a greater share of national wealth. So, if one nation has made greater improvement in the arts and sciences—in agriculture; if its lands are in a higher state of cultivation, if its roads, bridges, canals, mills, buildings, and improvements, are in a greater state of perfection than those of another nation, it has, for all these reasons, a greater capacity for acquiring the necessaries and comforts of life, and possesses a greater stock of national wealth. So, if it has a better government—if its territory be more extensive, in proportion to its population—if it be more advantageously situated for commerce—if its citizens enjoy exclusive privileges, in consequence of colonial monopolies, navigation laws, or any other laws, that give the nation advantages over other nations, it has, for all these reasons, a greater capacity for acquiring the necessaries and comforts of life, and therefore, possesses greater national wealth than a nation that does not enjoy these privileges and advantages.

This constitutes national wealth, according to the true and natural definition; still the nation is not wealthy, in that sense of the word in which we say an individual is wealthy. It is wealthy, or rich, in that sense of the word, in which an industrious mechanic is rich, who has a good trade, but no property;—in that sense of the word in which a man is rich, who has a piece of land, sufficient to grow him all the necessaries of life, but which he is obliged, from necessity, to cultivate with his own hands;—rich in that sense of the word, in which God made man rich, when he placed him in a situation where he had the power of "eating bread in the sweat of his face."

It may possibly be objected to this definition of national wealth, that it has no relation to the power of a nation, or to its ability to raise taxes and carry on war; that, according to this definition, a small nation may be more wealthy than a large one. But national wealth is a thing totally distinct from military power, and a small nation may enjoy a greater portion of wealth, in comparison to the number of its people, than a large one. The extent of a nation's territory, and the gross amount of its property, must be taken in connexion, in every system of political economy, with the number of its population, among whom it is to be divided; and the proportion that exists between these, will determine, in some measure, though in a small one, the relative capacity between different nations, for acquiring the necessaries and comforts of life.

From this view of national wealth, several important consequences result, different from those which the most approved political economists have endeavored to establish. This definition will enable us to settle several important questions, which have very much perplexed politicians, and divided public opinion. This definition presents a plain, simple view of national wealth, and dissipates many of those clouds which have hitherto enveloped the science of political economy.

## CHAPTER III.

*Some theories and definitions of national wealth examined.*

POLITICAL economy is a subject of such magnitude, that it cannot be comprehended in gross, by the most powerful mind. We might as well expect to understand the science of astronomy, by looking at all the heavenly bodies at once, as to expect to understand the science of political economy, (if in its present chaotic state it can be called a science,) by viewing it in mass; and we shall become still more embarrassed and confused, by examining it in detail, unless we establish some general principles, to which all the detail may be referred for explanation, and these must be the principles of nature; not mere arbitrary principles assumed for the purpose of supporting some favourite theory.

In reading the most approved treatises on political economy, the mind is wearied and oppressed by their vagueness and want of precision. We search in vain for some principles by which we may determine why a measure is conducive to national wealth or prejudicial to it. Such writings, are unsavoury, and repugnant to the mind, which it loathes, as the stomach does offensive food.

In order to take pleasure in prosecuting any study, we must be able to understand it—to comprehend why and wherefore things are so or otherwise. We must be able to trace effects to causes, and see that

the cause is adequate to produce the effect. It is vain, however, to expect this so long as we are ignorant of the effect itself.

National wealth is an *effect* produced by some *cause*. In order to write intelligibly about this cause we must have definite and accurate notions of the effect itself. A man who does not know in what national wealth consists, cannot be expected to write understandingly about the means of augmenting it.

If we look into the best treatises extant on political economy, for a definition of national wealth, we are surprised at the variety of definitions given; at the contradictions between them; at their indistinctness and uncertainty, and at the crude and undigested notions, which the authors seem to have of the subject.

One defines it, "the totality of the private property of its individuals."

Another, "the abundance of its commodities."

Another, "the exchangeable value of the net produce."

Another, "whatever is superfluous."

Another, "the accumulation of superfluous labour."

Another, "all the material commodities which man may use to supply a want or to procure an enjoyment, either to his sensuality, his fancy, or his vanity."

Another, "the possession of a thing more desired by those who have it not, than by those who have it."*

Another, "all that man desires as useful or delightful to him.' †

* See these definitions collected and referred to their different authors by Gamlh, in his treatise on Pol. Econ.

† Lord Lauderdale.

And the last, "the surplus of produce above consumption, or of income above expenditure."*

It is not my intention to examine each of these definitions separately; they are not worthy of it. The first observation suggested to the mind on reading them, is their indistinctness, uncertainty, and crudeness. A man has no more or clearer idea of what national wealth is, after reading these definitions, than he had before; nay they embarrass and bewilder him; for he finds it impossible to attach any definite ideas to them; and in endeavouring to do it, he becomes more and more confused.

What sort of an idea can one form of national wealth when he is told that it consists in "whatever is superfluous" Or in "the accumulation of superfluous labour." Or in "all that a man desires as useful or delightful to him." Music is very delightful to a man, and he often strongly desires it, but does *music* constitute national wealth, or any part of it? A fine prospect is very delightful to a man, and he often desires to see it, but is a fine prospect a constituent part of national wealth? A fine poem is a more delightful thing than a profound treatise on mathematics, but it will hardly be pretended that it is a more important ingredient in national wealth. A beautiful woman is a more delightful and desirable object than a plain one, but not always more conducive to national wealth.

There is one prevailing vice that runs through all these definitions, which is the confounding national with individual wealth. No man will ever have dis-

* Ganilh.

tinct notions of national wealth until he learns to distinguish it from individual wealth.

A distinction must also be made between the wealth of a nation and the property of a nation.

Property is often synonymous with wealth, when applied to individuals, but never when applied to a nation. One nation, in proportion to its number of inhabitants, may possess a greater territory, and more property than another, and at the same time possess less national wealth. The capacity of a nation for acquiring the necessaries and comforts of life, does not depend, entirely, or mainly, on the extent of its territory, or the amount of its property, in proportion to the number of its inhabitants. Property, real and personal, is one ingredient of national wealth, but it is an ingredient, which, without other ingredients will never constitute national wealth. A nation may have a great amount of property, in proportion to the number of its inhabitants, and yet this property may be so unequally divided, as in reality to deprive a great majority of the people from participating in its benefits, and prevent them from enjoying an ordinary portion of the necessaries and comforts of life.

When we speak of national wealth, we speak, or at least should speak of the condition of the whole nation, and not of any constituent part of it. If the whole territory and all the property of a nation is engrossed by a few, while a much greater number are sunk into a state of hopeless poverty and wretchedness, it matters not how great the sum total of individual property may be; provided the nation is to be considered as a UNITY, composed of all its citizens, it can never be said to enjoy a high degree of national

wealth. But if, on the contrary, a nation, includes only the rich, then national and individual wealth may be considered as identical. It is true that the latter meaning is ordinarily attached to the word *nation*, but in this country, that can never be considered as its appropriate meaning.

Individual wealth may, therefore, according to our ideas of a nation, constitute national poverty.

An individual, with a small amount of property, may, and often has, a much greater capacity for acquiring the necessaries and comforts of life, than another individual with ten times his amount of property. The talents, skill, and industry of the individual with a small amount of property, may give him a great ascendency over the individual, with the greater amount of property. So a nation with a small amount of property in proportion to the number of its inhabitants may possess a much greater capacity for acquiring the necessaries and comforts of life, than another nation with a much greater amount of property in proportion to the number of its inhabitants. In the ingredient of property the latter nation has the advantage over the former, but in all the other ingredients, which go to constitute national wealth, the former nation may have the advantage over the latter, and the other ingredients are vastly more important to national wealth, than mere property.

The nation with the smallest amount of property may have the best government—the freest institutions—the most advantageous situation for commerce—its property may be the most equally divided—its lands may be in the best state of cultivation.

It may possess the greatest skill in the arts, in manufactures, and in the sciences. Its people may be the most industrious, and the capacity of a nation for acquiring the necessaries and comforts of life, depends vastly more upon these circumstances, than upon the quantity of its property.

There is a much greater degree of national wealth in England and Holland, than in Spain, Poland, or Russia; not because the amount of property is greater, in proportion to the number of inhabitants, but for the reasons above stated. National wealth prevails to a much greater degree in New-England, than in Virginia; not because their territory is more extensive, or the land more fertile, for, in these respects, Virginia has the advantage; but because, property in New-England, is more equally divided; because the people are more industrious, and have made greater progress in the arts, and because they are not cursed with slavery.

National wealth, therefore, does not consist in "the totality of the private property of its individuals."

Does it "consist in the exchangeable value of the net produce?"—according to some, "in the exchangeable value of the net produce of land and labour;" and according to others, "of land, labour, and capital?"

In order rightly to estimate this definition, we must know the meaning of the word *value*, and whether it can properly be applied to national wealth, or to the necessaries and comforts of life.

Value, means the price or worth of a thing, and expresses the relative price which one thing bears to another, and is used only in exchanging one commo-

dity for another. We cannot speak of the price or value of an article, except in reference to an exchange of that article for some other. If a man exchange an orange for an apricot, or a piece of money, he may estimate its value, or price, and say it is of the value of the apricot, or of the piece of money, but if the orange is for his own eating, he cannot estimate its value; the gratification of his appetite is not the subject of value, because it cannot be exchanged.—"Value," therefore, and "exchangeable value," are precisely equivalent expressions. By "the exchangeable value of the net produce," must be meant the price which the "net produce" is worth, or would sell for. According to my notion, national wealth is altogether invaluable—it transcends all price.

There are a great many things indispensible to our existence, which are nevertheless said to have no value, such as water and air, and the reason is, because they cannot be exchanged, the term value cannot be applied to them; so life, and health, and enjoyment, are invaluable—no price or value can be put upon them;—the word value does not apply, because they cannot be exchanged; neither can the necessaries of life be valued, any more than life itself, nor the comforts of life, any more than enjoyment, because they cannot be exchanged. Neither can the word value be applied to the territory or land of a nation, any more than to the nation itself, for without it, the nation could not exist. To talk therefore about "the exchangeable value" of that which is necessary to a nation's existence, is to misapply terms, and talk nonsense.

There are objects to which the word value may be

applied, but those objects are not the necessaries of life, nor national wealth. I do not mean by this, that the word value cannot be applied to bread and meat, for among individuals, where there is an abundance of these, and some have more, and others less than they want, these things have a price, and may be valued as well as any thing else.

If an individual has a greater quantity of wheat and beef than is necessary for his own consumption, he may exchange it for money or land, which increases his wealth, and it therefore has a value; but that which is necessary for his own subsistence, can no more be valued than his life can be valued. If the surplus wheat and beef could only be exchanged for something to gratify the appetite, or the vanity of the individual, it could not be the subject of value, unless indeed the enjoyment of the individual, in the gratification of his appetite and his vanity could be valued. So, that portion of the net produce, which a nation consumes itself, can have no value, because the word value cannot be applied to it, any more than to life, or to enjoyment. If it has a surplus, and exchanges that surplus for commodities for its own consumption, still the word value cannot be applied, because this is but a different mode of consuming its net produce. If it exchanges its surplus produce for land or money, which it can rent or loan for a quantity of the necessaries and comforts of life, then this surplus so disposed of, has a value, and this is the only portion of the "net produce" that can with propriety be said to be the subject of value. If national wealth consisted of this portion only, there could be very little national wealth in the world; so little, that it would hardly

be worth while for a philosopher to puzzle his brain in devising methods by which it might be augmented. The most important definition and theory of national wealth, yet remains to be examined.

Ganilh, a writer of some celebrity upon political economy, says, that "wealth, in the simplest and most general acceptation of the term, consists in the surplus of produce above consumption, or of income above expenditure. The extent, both of public and private wealth, depends on the accumulation of this surplus, and on the manner in which it is applied."

"When individuals, hordes, tribes, and nations, have not enough to supply their wants, they are poor; when their means are adequate to their wants, they are equally removed from poverty and wealth; when they have a surplus left, after having supplied their wants, this surplus constitutes their wealth."

The doctrine inculcated in this definition, lies at the foundation of all the most approved, or at least the most celebrated systems of political economy.—Almost every writer has made it the basis of his theory, and founded his treatise upon it. Adam Smith has not, in the whole of his voluminous work on "the wealth of nations," given a definition of national wealth. He has written *three* volumes upon a subject without telling us what the subject is. This we are left to infer, from what he says upon the different branches of it. It is manifest, however, from the whole tenor of his work, that his notion of national wealth coincided with that of Ganilh. Indeed, Ganilh is the idolatrous worshipper of Adam Smith, and has adopted his theory of national wealth almost throughout.

Doctor Smith says, that "capitals are increased by parsimony, and diminished by prodigality and misconduct."

"Whatever a person saves from his revenue, he adds to his capital, and either employs it himself in maintaining an additional number of productive hands, or enables some other persons to do so, by lending it to him for an interest; that is, for a share of the profits. As the capital of an individual can be increased only by what he saves from his annual revenue, or his annual gains, so the capital of a society, which is the same with that of all the individuals who compose it, can be increased only in the same manner.

"Parsimony, and not industry, is the immediate cause of the increase of capital. Industry indeed, provides the subject which parsimony accumulates. But, whatever industry might acquire, if parsimony did not save, and store up, the capital would never be the greater."*

"The capital of all the individuals of a nation, is increased in the same manner as that of a single individual, by their continually accumulating and adding to it whatever they save out of their revenue."†

In the preceding quotations, doctor Smith uses the word "capital" as synonymous, with wealth; capital, and wealth, however, are not synonymous, as will be shown hereafter, even when applied to individuals. Wealth is a generic term, and includes capital.—Wealth, therefore, does not imply capital, although capital may imply wealth. But at present, we have

* Wealth of Nations, book ii. chap. 8.

† Ibid. book ii. chap. 5.

only to deal with his notions, or doctrines, and not with his misapplication of terms.

It is evident, from the foregoing passages, that the authors confound national with individual wealth.—They make no distinction whatever between them, nor have they in any part of their works. But, if I mistake not, it has been already shown that national wealth is totally different from individual wealth, and the distinction will, if possible, be made still more manifest in the progress of this examination.

This theory of "accumulation of the surplus of produce above consumption," or "of income above expenditure," in whatever manner: whether by "parsimony," or otherwise, is radically unsound, as it regards national wealth. As it regards individual wealth, it may be correct enough—but in regard to national wealth, it is so far from being correct, that it is impossible, in the nature of things, that it can ever take place in any nation, and even if it could take place, it would, instead of promoting, be most pernicious to national wealth.

It is as true as that "man shall eat bread in the sweat of his face," that the product of industry cannot be accumulated. The fruits of the earth must be consumed annually, or they will perish—very few of them can be preserved for any considerable time.

There are two great laws of nature, which writers on political economy seem entirely to have overlooked, which will for ever render utterly nugatory and absurd, this doctrine of "accumulation," as regards nations.

The first is the perishable nature of the fruits of the earth, which constitute the necessaries of life.—

This is a provision of nature, to keep man at his work, and compel him to "eat bread in the sweat of his face."

This law is most happily illustrated by the manna with which the Jews were fed in their journey through the wilderness. "And in the morning the dew lay round about the host. And when the dew that lay was gone up, behold, upon the face of the wilderness, there lay a small round thing, as small as the hoar frost, on the ground. And when the children of Israel saw it, they said, one to another, it is manna; for they wist not what it was. And Moses said unto them, this is the bread which the Lord hath given you to eat. This is the thing which the Lord hath commanded; gather of it every man according to his eating; an omer for every man: according to the number of your persons, take ye every man for them which are in his tents. And the children of Israel did so, and gathered some more, some less. And when they did mete it with an omer, he that gathered much, had nothing over, and he that gathered little, had no lack: they gathered every man according to his eating. And Moses said, let no man leave of it till the morning. Notwithstanding, they hearkened not unto Moses, but some of them left of it until the morning, and it bred worms and stank; and Moses was wroth with them."

What was true of the manna, is also true of the fruits of the earth—unless they be annually, or within a short period after they are produced, consumed; they will breed worms and stink. Every nation must, therefore, gather according to its eating, and

the nation that gathers much, will have nothing over.*

The second is the law of nature, in regard to population. The human species in all ages and countries, multiply in proportion, as the means of subsistence are increased, which would, for ever wholly prevent any considerable accumulation of the necessaries of life, even though they were not of a perishable nature.

These two laws of nature will for ever prevent national wealth from being augmented by "accumulating the surplus of produce above consumption," or, "of income above expenditure."

These laws seem entirely to have escaped the observation of most writers on political economy, and especially of Dr. Smith, and Ganilh. They treat of national wealth precisely as though the necessaries of of life, or the produce of industry could be "accumulated," to any indefinite amount, and as though population always remained stationary.

But if there was no physical impossibility in accumulating the "surplus of produce above consumption," there is a moral law quite as effectual in keeping down *production* to a level with *consumption*. Even those articles which are not perishable in their nature, such as hardware, dry goods, fine houses, fine furniture, and even gold and silver, are never

* This is also true of individuals, for although individuals grow rich by *accumulation*, yet it is not by an accumulation of the fruits of the earth, or the product of labour. If a man has more of these than he wants for his own consumption, he exchanges them with those who have less than they want for consumption, for property which can be preserved, as land or money.

produced, unless wanted for immediate consumption. It is as true of the manufacturer as of the farmer, that if he cannot sell the product of his labour, when finished, he will not make it. If there be a greater quantity of goods manufactured one year, than can be sold, there will be a less quantity manufactured the next, so that the production will always be limited as nearly as possible to the consumption. We never find people building fine houses, when there is no prospect that they can ever be rented, or sold, and people never buy either goods or houses, unless they want them for immediate use, that is, for immediate consumption.*

This doctrine of "accumulation of the surplus of produce above consumption, or, of revenue above expenditure," is so totally erroneous and absurd that even if it could take place, it would be pernicious and destructive of national prosperity, instead of promoting national wealth.

Accumulation is a sure and certain means of producing distress and famine.

We may as well expect to invigorate the human frame by accumulating food upon the stomach, which it cannot digest, as to expect to promote national prosperity by "accumulating the surplus of produce above consumption."

However paradoxical it may appear, yet it will be found to be true, the world over, that if the supply of the necessaries and comforts of life exceeds the

* I do not by this mean, that a man never buys or builds a house, unless he wants it to live in immediately; but he never does this, unless he or some one else, will probably want it at no distant period.

demand, that is, the consumption, it produces much greater distress than when the demand exceeds the supply.

It will not, and indeed cannot, produce distress to the same persons, for those who have more than they want, cannot be in want, but it will cause the same, or more probably a much greater amount of distress to somebody. And it may be laid down as a universal rule, that a nation is in the greatest state of prosperity, when the annual production just equals the annual consumption, or in other words, when the production of one year is entirely consumed in the following year. When, according to Ganilh, a nation "is equally removed from poverty and wealth." "When their means are adequate to their wants," and there is no surplus left.

It is not possible in the multiplicity and diversity of human affairs, that consumption should always just equal production, but the nearer this point can be attained the better, and the more prosperous and flourishing will be the condition of the nation. If there be a surplus of the product of industry, it is as much the duty of a legislator to make provision, if possible, for its immediate consumption, as it would be, to adopt measures for the purpose of increasing the product, in case the demand should exceed the supply. It is better that the surplus be converted into manure or thrown into the ocean, than to remain on hand, after the ordinary period of consumption.

The present distress of our country arises entirely from the circumstance that consumption does not equal production.

If the product of our industry was annually clean consumed, the poor would neither be in want of labour, or bread. The rich would neither want for the necessaries or comforts of life. Industry would not flag, for the want of motives for exertion; new life, energy, and activity would be infused into every portion of society.

The present distress in England arises from the same cause; the supply of their manufacturing industry exceeds the demand, and what is the consequence? The labouring poor who produce this supply, are thrown out of employment, deprived of the only means they had of procuring the necessaries and comforts of life, and compelled to subsist upon charity. Such is the consequence when consumption does not equal production. Such the effect of "accumulation."

Consumption never can exceed production, but suppose the demand for consumption exceeded the production; suppose more goods were wanted than are produced, what will be the consequence? The labouring poor, whose labour produces these manufactures, will enjoy in abundance, the necessaries and comforts of life, because there will be a full demand for their labour, and those who want to consume the product of their industry will not be able to supply themselves; they will *suffer* the want, not of the necessaries, but comforts of life. Some fine lady will perhaps suffer for the want of a splendid ball dress, or a fine shawl.

If then, the production of the comforts and luxuries of life, exceeds the consumption; the consequence is, starvation or pauperism to the producers.

But if the demand exceed the supply, the only consequence is, that some vain silly body wants a piece of luxury which cannot be obtained.

But suppose the production of the necessaries of life, that is, of agriculture, exceeds the consumption, as is at present the case in our country; what is the consequence? As a general rule, not a want of the necessaries of life, because these are abundant, and can always be kept so, although it may have this effect, to a limited degree, upon those who depend for support upon being employed by others, as labourers, as lessening the demand for labour may throw them out of employment. The farmer has raised a quantity of wheat, but he cannot sell it; he cannot, therefore, buy laces and muslins for his daughters, nor a coach for himself and family, in which he may display his vanity, and excite the envy and jealousy of his neighbours.

The excess of production, therefore, of the fruits of the earth, or of the necessaries of life, above consumption, does not cause such terrible consequences to those whose industry produces them, as the excess of production of the comforts of life, or manufactures. Accumulation, however, of the necessaries of life, paralizes industry, and has a pernicious influence upon national prosperity.

This absurd doctrine of augmenting national wealth by *accumulation*, proceeds from confounding national with individual wealth, than which no two things can be more distinct and different. Individual wealth is augmented by parsimony, and by accumulating those things which constitute individual wealth. An individual grows rich by adding farm to farm, goods

to goods, interest to capital; or by converting it into stock, and hence it was inferred, that national wealth, was to be augmented in the same way. If an individual has a quantity of produce of any description, he can exchange it for land, money, or some species of property, for the use of which he can obtain a quantity of the necessaries and comforts of life without labour. His wealth is, therefore, augmented by parsimony or accumulation, and if a nation could make the same disposition of its land or money, its wealth might also be augmented by parsimony or accumulation of "the surplus of produce above consumption:" but it is impossible in the nature of things for a nation to make such a use of its property; for to whom shall it rent its lands, or loan its money? Who shall furnish a nation with the necessaries and comforts of life, for the use of its property? One nation may loan money to another nation it is true, but all the necessaries and comforts of life, that could be obtained in this way, would be but as a bucket of water upon a parched and famished country. Such a resource never did and never will furnish a nation with a single meal of victuals.

These writers have fallen into this error from not treating a nation as a unity, possessing all the properties of unity. And by attempting to reason from individuals to nations, without preserving the analogy. Instead of treating of public economy they in fact treat of private economy; instead of talking about nations they talk about individuals. Because an individual can save a part of his revenue, and add it to his stock of wealth, they take it for granted a nation can do the same thing. They never advert to

the different circumstances in which the two are placed.

An individual is surrounded by millions of other individuals, while a nation is as it were alone. Place the individual alone on an island, or as much alone as a nation is alone in the world, and then we may with safety reason from one to the other. If an individual, thus alone, on an island, can increase his wealth by parsimony, then it will follow that a nation might by possibility, do the same thing, although a nation never did nor ever will augment its wealth in that way. Or surround a nation by as many millions of other nations as an individual is surrounded by individuals, and give it the same capacity and locomotive powers, and then it would follow that a nation might augment its wealth by parsimony, because an individual can do it. A nation might then obtain the necessaries and comforts of life, for the use of its property.

Suppose an individual, on an island alone, should lay up a quantity of the annual product of his labour, in meat and corn, in what way would it increase his wealth? With whom or for what could he exchange it? Unless consumed, it would perish, and he would again be obliged to return to labour, to procure corn and meat for his subsistence. He might, it is true, improve his lands, so that a smaller quantity would yield him his necessary sustenance, with less labour. He might improve the comfortableness of his dwelling, and his spare time he might employ in procuring the other comforts of life, and thus by *industry*, but not by *parsimony*, augment his capacity for acquiring the necessaries and comforts of life. An individual

thus situated, could never increase in wealth, in that sense of the word, in which we apply it to individuals living in society.

In order to do this, he must be surrounded by thousands of his fellow-creatures, who will give him a portion of the necessaries and comforts of life for the use of his property; his lands, houses and money.

The condition of this individual, on the island, is almost exactly the condition of every nation in the world, with one exception. A nation constantly increases in population in proportion as the means of subsistence increase, which will effectually prevent it from increasing in wealth, in the same degree with the individual on the island. The cases would be parallel in principle, provided the population of the nation always remained stationary. Give to the individual an increasing family and he will never attain so great a capacity, for acquiring the necessaries and comforts of life, as he would do without. In proportion as he increased the fertility of his lands, in the same proportion would his family increase, and the demand for food increase.

It is admitted that the parallel between the individual and the nation is not complete, although it is sufficiently so, to serve for illustration. There are many nations in the world, and these nations make gain by their intercourse with each other, in the same manner as individuals do, but this is a very different thing from augmenting wealth by parsimony or accumulation.

An individual gets rich by the industry of others, by speculating on his neighbours, and getting posses-

sion of their wealth or of the product of their industry. This cannot be the case to any considerable extent with a nation. An individual could never augment his wealth by his parsimony in the consumption of the necessaries and comforts of life, unless he could exchange what he saved for something more durable, and for the use of which he could obtain a reward.

A nation cannot make any considerable saving of the product of its labour by parsimony. The increase of population would prevent it, and if it was saved, it could not be exchanged for any thing but other commodities, for consumption. It could not be exchanged for territory, nor for industry, or skill, or for any thing which would increase the capacity of the nation for acquiring the necessaries and comforts of life in future. It might be exchanged for coin, but this would not augment national wealth, unless it could be loaned to other nations, and, indeed, the idea that national wealth consists in the quantity of its precious metals, has long since been exploded. The precious metals may make an individual rich, because his neighbours will pay him interest for the use of them, but they cannot make a nation rich, because there is nobody to pay a nation interest for them. A few individuals may loan money to foreign nations, but the small sums that could loaned in this way, could have no perceptible effect on national wealth. A nation, therefore, cannot augment its wealth by parsimony.

It is true that a nation is composed of individuals, and that if all the individuals are frugal, parsimonious and wealthy, the nation will be so too, and if all the individuals are extravagant, wasteful, and

poor, the nation will be so too, and it may also be admitted, that frugality or parsimony is more conducive to national wealth, than prodigality; still this does not affect the point in controversy. A nation that is frugal, is usually industrious also, and although it must consume its annual revenue, or nearly so, and cannot therefore augment its wealth by parsimony, yet it may augment its capacity for acquiring the necessaries and comforts of life by its industry—by improving the cultivation of its lands—by acquiring skill in the arts and sciences—by building houses, mills, roads, canals, and by giving momentum to the power of labour. And although a wasteful, prodigal nation can consume no more than the annual product of its industry, yet such a nation is usually indolent and lazy; in consequence of which, its capacity for acquiring the necessaries and comforts of life, is annually decreasing—its industry relaxes—its cultivation is neglected—its houses, buildings, roads and canals go to ruin—its skill in the arts and sciences declines, and the annual product of labour diminishes.

A man, by squandering his fortune, may reduce his family to beggary, but he does not thereby diminish the sum of national wealth, any farther than his own idle dissolute habits may diminish the sum of national industry. What one man loses, another gains, and however extravagant he may be in the consumption of the necessaries and comforts of life, he only consumes that which, if he did not consume, another would. Still national wealth continues the same, so long as national industry, or the capacity to acquire the necessaries and comforts of life remains the same. One man may consume what of right belongs to ano-

ther, but so long as it must be consumed, so far as national wealth is concerned, it matters not by whom.

Justice is no doubt indispensible to national prosperity, and it is the imperative duty of a legislator to make ample provision for its faithful and perfect administration; but this is a distinct thing from promoting national wealth, except so far as it may have an indirect influence on national industry.

It is a common expression, that the great failures we frequently hear of among merchants, banks, and money changers, will be a serious injury to the country, and will retard the prosperity of a city or state — Nothing is more erroneous. These occurrences, no doubt, cause much distress and calamity among individuals, and may create a temporary embarrassment in trade, but they produce no permanent injury to the country, nor do they diminish a nation's wealth.— The property, industry, and skill, are all here—the capacity of the nation remains the same—property may have changed hands—the man who was up yesterday, may be down to-day, and he who was down yesterday, up to-day; and it is all one to the nation, whether A. is rich, and B. poor, or B. rich, and A. poor. The industry and resources of the nation are not the least affected by such fluctuations, unless they affect the energies of the nation.

Whether the annual produce or revenue of a nation ought to be consumed, or a portion of it accumulated, should never be made a question by political economists; but the manner or shape, in which it should be consumed, is a very important question, and worthy to be considered by the profoundest politician.

The influence of luxury upon the prosperity and wealth of a nation, has been much disputed among political philosophers in these latter days: some contending that it is beneficial, others that it is prejudicial to national wealth, prosperity and happiness.—Had these wise ones entertained correct views of national wealth, such a question never could have been raised.

The influence of luxury upon national wealth, will be the subject of a future chapter. At present, I will barely observe, than an individual, with a revenue of a hundred thousand a year, who should dine once a week on the brains of ortolans, and to enable him to do this, should keep five hundred men employed in catching those birds, might cause as effectual a consumption of the annual produce of labour, as a man with the same amount of revenue, who should employ five hundred men in clearing lands, digging ditches, and draining marshes; but the effect which the two expenditures would have upon national wealth, would be materially different.

The sole object of labour, is to augment the quantity of the necessaries and comforts of life, and true economy in labour consists in so directing it, as that the smallest quantity of labour shall produce the greatest quantity of the necessaries and comforts of life. There is however, a wide difference between augmenting the necessaries and comforts of life by accumulation, and by production. The one causes distress and starvation to the labourers—the other by keeping up the demand for their labour, causes the song of plenty to be heard in all their habitations.

There is as wide a difference between preventing

accumulation, by checking industry, or giving it an unprofitable or useless direction, and preventing it by a complete consumption of the product of labour, as there is between having existed, and never having existed.

One would be led to suppose, from reading some of our treatises on political economy, that men raise corn to keep, and not to eat; and that eating it, not only destroys the corn, but lessens national wealth in proportion. Their great object seems to be to lay up provisions for an Egyptian famine, but as we have no reason to suppose there will ever be another seven years famine, and as food and raiment are produced for the sole purpose of being consumed, it seems to be the dictate of common sense, that they should be consumed as soon as possible, after they are produced, or at farthest, within the following year.

## CHAPTER IV.

### *Labour.*

No subject has been more fruitful of controversy among writers on political economy, than LABOUR; but these controversies, like most others, have been rather about words, than ideas or principles.

LABOUR IS THE EXERTION OF HUMAN POWER, FOR THE PURPOSE OF PRODUCING THE NECESSARIES OR COMFORTS OF LIFE. Human power, exerted for any other purpose, is not *labour*. A man who walks for

pleasure, or rides for health, does not perform labour; but if he does either for the purpose of producing subsistence, or the necessaries and comforts of life, it becomes labour. A man who fiddles or dances for bread, performs labour—if he fiddles or dances for his own amusement, or that of his friends, it is not labour. Whether the exertion of human power be labour, depends on the motive of the exertion, and not on the result produced. If a man raises a field of wheat, which is blasted or destroyed, before he gets it into his granary, the exertion of power bestowed in raising it, is not for this reason, the less labour. Although unproductive, it was nevertheless labour.

The subject upon which labour is to be bestowed, may be different, and the result produced may be different, but this makes no diversity in labour itself.—A man may exert his power at the plough, at the helm, at the loom, at the bar, at the desk, at the mortar, at the crucible, at the canvass, at the organ, or at any thing else, still it is all labour, provided his object is to produce the necessaries and comforts of life. Whether his labour is productive or unproductive, will depend upon the result.

The *necessaries of life*, are those things without which human life cannot be sustained. The *comforts of life*, include every thing else produced by labour which we enjoy. A savage cannot live without the necessaries of life, but he may without the comforts. This is the only intelligible distinction that can be made between the necessaries and comforts of life.—Indeed, it is the only place where the distinction can be drawn; for if we attempt to include among the ne-

cessaries some of those things which we are in the habit of calling necessaries, and which, from use, have in some measure become necessaries, but which, according to the above distinction, belong to the comforts of life, we may include them all, for there is no article of luxury, which some people will not think a necessary of life.

It is impossible, I admit, to draw the line precisely, and say, this is a *necessary*, and that a *comfort* of life; but this arises from the difficulty of ascertaining facts, and not from the imperfection of the definition or distinction.

All our enjoyments are not comforts of life, according to the above definition, but only those which are produced by labour. We enjoy good health, a quiet conscience, a fine prospect, pure air, good water, friendship, love, and a thousand other things, without which, life would be insupportable; but these are not the comforts of life, within the above definition, because they are not produced by labour; they are not the immediate object of labour. Good health may be the result of labour, but if human power is exerted for the purpose of improving health, it is not labour in that sense of the word in which it is, or ought to be used, by political economists.

*Labour—necessaries of life*—and *comforts of life*, are, when used in political economy, technical phrases, and have a precise meaning. They may have different meanings when used out of the science, but when used in the science, this meaning should always be attached to them, or ambiguity and uncertainty will be the consequence.

Almost every word in our language has a literal

and a figurative meaning, and an indiscriminate use of words in their literal and figurative sense, when treating of a science, cannot fail to produce ambiguity and confusion. This is a principal reason why so little improvement has been made in the science of political economy. The most standard authors perpetually use words in their figurative, when they should be used in their literal sense. But the man who supposes political economy to be a suitable field for the flourishes of rhetoric, is greatly mistaken, and instead of throwing any light on the subject, will be sure to envelope it in thicker darkness.

Political economists have written volumes upon productive and unproductive labour, but had they understood the meaning of the word, *labour*, they might have saved themselves the trouble of writing, and the world the trouble of reading so many dry unintelligible books, each of which, spreads another layer of clouds over the science of political economy. Whether labour is productive or unproductive, depends upon whether it produces the result for which it was bestowed. If a man fiddles for bread, and gets bread for fiddling, his labour is equally productive to him, as though he had ploughed for bread, and got bread by ploughing; and usually more so, as a man usually gets more bread by fiddling than by ploughing: and that labour which produces a comfort, or an enjoyment, is just as much productive of national wealth, as that which produces a necessary of life, unless national wealth consists in a total destitution of all comforts, and all enjoyment. But if this be a correct notion of national wealth, then the savages of the wilderness enjoy a greater share of it than any other people.

Dr. Smith says, "there is one sort of labour which adds to the value of the subject upon which it is bestowed. There is another which has no such effect. The former as it produces a value, may be called productive; the latter unproductive labour. Thus the labour of the manufacturer adds generally to the value of the materials which he works upon, that of his own maintainance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he in reality costs him no expense, the value of those wages being generally restored, together with a profit in the improved value of the subject upon which his labour is bestowed. But the maintainance of the menial servant never is restored. A man grows rich by employing a multitude of manufacturers—he grows poor by employing a multitude of menial servants. The labour of the latter, however, has its value, and deserves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which last for sometime, at least, after that labour is past. It is, as it were, a certain quantity of labour stocked and stored up, to be employed, if necessary, upon some other occasion. That subject, or what is the same thing, the price of that subject, can afterwards, if necessary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial servant, on the contrary, does not fix or realize itself in any particular subject or vendible commodity. His services generally perish in the very instant of their performance.

and seldom leave any trace or value behind them for which an equal quantity of service could afterwards be procured."

Such is the incoherent, unintelligible nonsense, which men of sense write, when they attempt to write upon a subject which they do not understand.

In the first place it may be observed, that the word *value*, is used properly, only in exchanges, and expresses the relative price, which one commodity bears to another. It has no meaning when applied to an article, which the possessor consumes himself.

Whether a man values an orange, which he eats, at a cent or a hundred dollars, it is all the same. So if a man places the same value upon his dinner before it is cooked that he does after, it is all the same, because it is for consumption and not for sale. This is the technical meaning of the word *value*, and that meaning which should always be attached to it, when used in political economy. It is used also in a popular metaphorical sense, in which it means any thing or nothing, according to the fancy of the speaker. We often hear people talking about the value of life, of health, of enjoyment, of air, of water, and a thousand things, which cannot be valued, and have therefore, no value, or an inestimable value, just as we please.

In the above quotation, Dr. Smith uses the word *value*, in its technical sense, when he applies it to the manufacturer, and in its popular sense, when he applies it to the menial servant; and thus bewilders himself and confuses the reader.

As he uses the word value in its popular sense when applied to the menial servant, we have as much

right to say, his labour is invaluable, as Dr. Smith has to say, it is of no value. Will it be pretended that the value* of food is not enhanced in consequence of having a servant to cook it? Is not the value of a splendid wardrobe enhanced, in consequence of having a servant to wash and keep it clean? Does not the labour of a servant enhance the value of a fine house, by washing and scrubbing it, of a chariot and horses by attending and driving them? Most of the luxurious livers would esteem a splendid dinner much less valuable, if obliged to cook it themselves. A fine lady would think much less of her muslins and laces; if she was obliged to wash them herself. There is many a man now living in a palace, who, without menial servants, would prefer a cottage; and many a one would walk, who now rides in his coach, if compelled to be his own ostler

The truth is, the labour of menial servants adds nothing to the *exchangeable* or technical *value* of the subject upon which their labour is bestowed, because the thing is not for sale, or exchange; but their labour produces as great a portion of the comforts of life, and increases the metaphorical value of the subject upon which the labour is bestowed, as much as the labour of any class of labourers whatever. Their labour it is true, adds nothing to the gross fund of human sustenance, neither does the labour of the manufacturer, or of any other class of labourers, except the agriculturists. So painters, poets, musicians, and I may add dancing masters, add nothing by their labour to the necessaries of life, but they produce no inconsi-

* The word value, is here used in its popular sense.

derable share of the comforts, and may contribute as essentially, to the refinements and elegancies of social life, as the manufacturer of any luxury whatever.

"A man grows rich," says Dr. Smith, "by employing a multitude of manufacturers. He grows poor by employing a multitude of menial servants." "The labour of the one fixes and realizes itself in some vendible commodity which lasts for sometime. The labour of the other perishes in the very instant of its performance," &c. But did it never occur to Dr. Smith, that there was a difference, between *consuming* an article and selling it? Suppose the man who employs a multitude of manufacturers should himself consume all the produce of their labour; all the goods they manufactured. Suppose he had a manufactory of lace, in which he employed a hundred workmen, and suppose he and his family should consume all the lace that was made; would he grow rich? On the contrary, would he not grow poor as fast as though he employed a hundred menial servants? But suppose he only consumed as much lace as one man manufactured, would not that hinder his fortune as much as the employment of a menial servant?

The truth is, the employers of menial servants are the consumers of the produce of their labour. The manufacturer who employs a multitude of workmen, is not the consumer; and this constitutes all the difference between the advantage of employing the two species of labourers.

If it can be shown that a thousand dollars expended upon menial servants, lessens a man's fortune more than a thousand expended in the purchase of manufactures for consumption; then it may follow,

that manufacturers are more productive labourers, than menial servants.

A man may ruin his fortune by employing a multitude of menial servants, and he may do the same by employing a multitude of manufacturers, that is, by consuming the produce of their labour.

This strange doctrine of productive and unproductive labour is one of the consequences of that absurd theory, which makes national wealth to consist in *accumulation* of "the surplus of produce above consumption." Until this theory is thoroughly exploded, political economy never can be reduced to the laws of science. One absurdity will be heaped upon another, until it becomes one chaotic mass of contradictions.

The theory of the *Oeconomists*, as they are called, that is, of Dr. Quesnay, and other French writers on political economy, is built upon this doctrine of *accumulation*. They maintain that agricultural labour is the only productive one; that all other labour is barren and unproductive. Manufacturing labour, they say, is unproductive, because it replaces only the stock which employs them, together with its ordinary profits.

"The labour of artisans and manufacturers can add nothing to the value of the raw materials, but the value of their labour; that is to say, the amount of the wages and profit which that labour must have obtained, according to the rate of wages and profit of stock, usual in the country. Their labour does not alter the quantum of wealth existing in the community. The labour of the husbandman, on the contrary, adds to the totality of existing values. After having replaced

what the labourers have and might have consumed during their labour, it has given birth to a fresh value. It has produced a real increase of the general mass of the wealth belonging to the community; in short, it has afforded a net profit."

Admitting this to be the case, still I cannot comprehend how that renders the labour unproductive. The whole of their reasoning, however, is altogether too subtle to be comprehended by one whose attention is embarrassed by the real nature of things, and the true meaning of words. Whether labour is productive or not, depends on the result. If the object for which the labour was bestowed, is produced, I see not how the labour can be called unproductive.

Agricultural labour produces the necessaries of life. Manufacturing labour the comforts of life, and if these constitute any portion of national wealth, then is manufacturing labour productive. If national wealth consists in a total destitution of the comforts of life, then manufacturing labour is not productive of national wealth, although it may be of the comforts of life.

But we are told that "manufacturers and artisans add nothing to the value of the raw material, or quantum of wealth, but the value of their labour." Neither do reapers or gatherers of the produce of the earth after it is grown; there is just as great a quantity of the raw material before it is gathered as there is after. So threshing wheat and manufacturing it into flour, is, according to this rule, unproductive labour, because it adds nothing to the quantum of wealth or the raw material, but the value of the labour.

It is not to be wondered at, that so little progress has been made in the science of political economy, when men employ their talents in endeavouring to establish such idle distinctions. The truth is, although spinning and weaving does not produce corn; yet they produce something quite as valuable; and to discuss the question whether agriculturists or manufacturers are the most beneficial contributors to the fund of our enjoyments, is much as if the question were to be discussed before a delicate and refined lady, whether she would prefer not to live at all, or to live in all the coarseness and vulgarity of savage life. Without the *necessaries*, life would not be sustained—without the *comforts*, it would not be worth sustaining, and the labour which produces the one is just as much entitled to the appellation, *productive*, as that which produces the other.

This doctrine also originated from the theory of *accumulation*. Taking it for granted that national wealth consisted in "the surplus of produce above consumption," they concluded that agricultural labour, caused a greater surplus than any other labour. That while a man was raising a hundred bushels of corn, he would not probably consume more than twenty, which would leave a surplus of eighty. It never occurred to them, that this corn was produced for the sole purpose of being consumed, that except for consumption it was utterly useless, and that the year following its production at farthest, is the period which, according to the laws of nature, it can be most beneficially consumed.

The doctrine involves the further absurdity of supposing, that the comforts of life or the capacity for

acquiring them, constitute no part of national wealth. But if happiness be the legitimate pursuit of mankind, any labour which contributes to its innocent enjoyment, is productive, and as much entitled to the consideration of the political economist as labour employed in any other manner. Unproductive labourers are certainly entitled to no favour from the government, and that is indeed a cold and comfortless theory of national wealth, which excludes all the comforts, refinements, and elegancies of civilized life. But although there is no danger that these absurd and unnatural theories will ever be adopted in practice, yet they tend to embarrass the science, in itself sufficiently intricate and abstruse; and induce governments to adopt measures prejudicial to national wealth.

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## CHAPTER V.

### *Standard of Value.*

A GREAT great deal of ingenuity and talents, have been exercised, by writers on political economy, in endeavoring to ascertain and fix upon a true standard of value. Although a true standard of value in the nature of things, is an impossibility, nay, a palpable absurdity in its very terms, still it has occupied the attention of such grave philosophers, that it would be disrespectful to pass it over without observation.

Dr. Smith says, "the word value has two meanings and sometimes expresses the utility of some par-

ticular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called "value in use" the other "value in exchange." The things which have the greatest value in use, have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange, have little or no value in use. Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond on the contrary has scarcely any value in use: but a very great quantity of other goods may be had in exchange for it."*

To talk about the value of a thing which either has no value, or cannot be valued, has to me very much the appearance of absurdity. The truth is the word value in political economy has but one meaning, which is, the relation that one thing bears to another in regard to price. In popular language it is sometimes, nay very often used metaphorically, and the very definition of a metaphor is "the application of a word to a use, to which, in its original import, it cannot be put." Thus we say the value of life, of health, of enjoyment, which, in the very nature of things can have no value, or are invaluable.

From the use that is made of words, by most, if not all the writers on political economy, one would be led to conclude, that the very essence of the science, consisted in using them, in some figurative or unknown sense; else how can we account for the obscure, unintelligible manner, in which men of sense have written?

* Wealth of Nations, book i. chap. 4.

Having fixed upon this double meaning of the word *value*, Dr. Smith next attempts to show that *labour* is its true standard.

"The value of every commodity to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure or the exchangeable value of all commodities.

"The real price of every thing, what every thing usually costs, to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to dispose of it, or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money or with goods, is purchased with labour as much as what we acquire by the toil of our own body. That money, or those goods, indeed, varies this toil. They contain the value of a certain quantity of labour which we exchange for what we suppose at the time, to contain the value of an equal quantity. Labour was the first price, the original purchase money of all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased; and its value to those who possess it, and who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command."

"Equal quantities of labour at all times and places, may be said to be of equal value to the labourer.

Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price. Money is their nominal price only."

"Labour, it appears, evidently is the only universal, as well as the only accurate measure of value, or the only standard by which we can compare the value of different commodities at all times, and at all places."*

Doctor Smith applies this standard of value to the employment of capital, and concludes, that the capital that employs the greatest quantity of labour, of course produces the greatest quantity of value. It will hereafter be shown, that his doctrine respecting capitals, and the employment of capitals, is altogether erroneous and absurd—that he did not even know the meaning of the word capital. The present object, however, is to show that labour is not the standard of value.

If the quantity of labour which the production of an article required, was the measure of its value, then would a bushel of corn, raised on a poor soil, be more valuable than one raised on a good one, and a piece of cloth, manufactured without the aid, more valuable than one of like quality, manufactured with the aid of machinery; and goods transported to foreign countries on men's shoulders, more valuable than when transported in ships; and a thousand other equally absurd consequences would follow.

Nor will this definition of value be at all aided by

* Wealth of Nations, book i. chap. 5.

supposing an average of the quantity of labour, with the advantages of soil, and aid of machinery, required to produce a given quantity of any article, and taking that average of labour as the real value, or the measure of the real value of the article produced; for that average never will, and never can be struck, and a measure which never can be obtained, is for all practical purposes, the same as no measure; such a measure is merely imaginary, and can serve no purpose but to embarras the subject.

Such an average never can be struck, because the same article usually bears a different price, and of course has a different value at the same time, in different countries, and in different parts of the same country. Nor does this difference depend at all upon the quantity of labour required to transport them from one country or place to another—from the place where they are cheap, to the place where they are dear, but upon a thousand other circumstances familiar to every merchant. It takes more labour, for instance, to raise the same quantity of the necessaries of life in New-England, than in Maryland, because the climate is colder, and the soil poorer; but the necessaries of life are always cheaper in New-England than in Maryland, because there is a greater quantity of industry, and of course, a greater product in proportion to the number of people who are to consume it. The same kind of labour bears a different price in different countries, and in different parts of the same country, and at different periods in the same place. How then can an article, so different and fluctuating itself, be the measure of value? If every yard stick was of a different length, and the same

yard stick liable to change its length every day in the year, how should we be able to ascertain the number of yards in a piece of cloth? The piece of cloth would have a length, although we might not be able to get any definite idea of its length in yards. So a commodity may have a value, although we may not be able to get any idea of its value in days' labour.

There is no such thing as a permanent standard of value. The value of every thing depends upon our wants, our whims, and our caprices, and when all men come to think alike, and want alike, possibly a permanent measure of value may be found, but not before.*

The necessaries of life have a value when we exchange them—that is, an exchangeable value, but from the necessity of the case, this must be a fluctuating value. They have also, in the popular sense of the word, a value for consumption; but before we can fix upon a standard of this value, we must ascertain the value of life itself, and then the value of a year of life, will be the value of a quantity of food necessary to support life a year. And so, to ascertain the value of an article which contributes to our comfort or enjoyment, we must first ascertain the value or

* "To those who understand any thing of the nature of value, or on what its variations depend, the existence of a perfect measure of value, must at once appear impossible: for as nothing can be a real measure of length and quantity, which is subject to variations in its own dimensions, so nothing can be the real measure of the value of other commodities, which is constantly varying in its own value. But as there is nothing which is not subject to variations, both in its quantity, and in the demand for it, there can be nothing which is not subject to alteration in value."†

† Lauderdale on Wealth.

price of the comfort or enjoyment itself, which will show the value of the article which procures it.

The value of a toy to a child, and the value of a splendid ball dress to a vain young lady, may be much the same, although neither would, in the metaphorical sense of the word, be of any value to a philosopher—in the technical sense, they might have a value to him. The value of the enjoyment, would be the value of the thing that procured it, in each case, but the giddiest young lady in the country, would have sense enough to laugh at a grave philosopher, who should attempt to estimate the amount of her enjoyment in a ball room, in her fine dress, more especially, if he was to attempt to fix its amount in days' labour.

The precious metals are by far a less fluctuating, a more universal, and a more definite standard of value, than labour. They have been fixed on by the universal consent of mankind, as the best standard, and this is no mean authority. They are, it is true, a fluctuating standard, but this arises from the fluctuating value or price of commodities; and to talk about a permanent, invariable, unbending standard of value, is as absurd as to talk about a permanent, invariable, unbending standard of elasticity.

There is nothing in gold and silver as such, which gives them any advantage over other metals, as a circulating medium, or measure of value. It is their scarcity and intrinsic value, which gives them an advantage over iron, as coin. If a pound of iron would ordinarily exchange for a pound of gold, iron would answer the same purpose as gold for a circulating medium, and a measure of value.

It has been vainly supposed by some, that an intrinsic value was not an essential ingredient in a circulating medium, and that leather, or paper, with a particular stamp, may be made to answer the same purposes as gold and silver, provided the public would consent to receive them. This notion originated from the circumstance that bank paper has been substituted to so great an extent, in the place of gold and silver, as a circulating medium. This is, however, a most erroneous opinion, and those who have adopted it, have been led astray, by looking at the apparent instead of the real nature of things. Gold and silver as money, have not, it is true, any more intrinsic value than paper, but as bullion, they have a real intrinsic value, equal to their nominal value, as money, and all governments have found it impossible to give gold and siver a nominal value as money, above their real value as bullion, and it always has, and always will be found as much impossible to make that a measure of value, which has itself no value, as to make that a measure of weight, which has itself no weight, or that a measure of length, which has itself no length.

If men could be made to imagine that a piece of leather, or paper, of a particular form and stamp, possessed an intrinsic value equal to an ounce of gold, or a barrel of flour, then the leather, or paper, might be made a measure of value, and substituted for gold and silver as a circulating medium; but to make men imagine this, would be just as much impossible as it would to make them imagine that fifty-sixes and yard sticks may be made of air, or that a hungry man may satisfy his appetite by thinking of a roast turkey.—

In the exchange of commodities, paper has been substituted to a great extent for gold and silver, upon the same principle that a man of credit can buy a cargo of flour, by giving his note; but all the banks, and all the governments on earth, could no more make paper as such, whatever stamp they might put upon it, a measure of value, than they could make a yard stick of air; nor could they make gold and silver a measure of value, if they had not a real intrinsic value as bullion, equal to their nominal value as money. A forged note, or a counterfeit dollar, answers the same purpose as a measure of value, and as circulating medium, with one that is genuine, until the deception is detected, and in the same way, paper or leather might be made a measure of value, and a circulating medium, provided an universal deception could be practised on mankind, and they be made to believe that, *that* had a value, which in reality had no value.

But as it is utterly impossible that, that which has no weight in itself, can be the measure of weight, or that which has no length, the measure of length, so it is utterly impossible, in the nature of things that, that which has no value in itself, can be the measure of value; and to suppose that bank paper, or any other paper, is ever the measure of value, or in reality money, or a circulating medium, is to mistake the form of the thing for the thing itself. To suppose that a man's name was the man himself, or that a picture of a house, was the house itself, would not be a more palpable mistake and misapprehension. Paper is no more a circulating medium, or money, than footing up an amount is a payment of it; and it would be as easy to convince a merchant that his account was

paid when footed up, as to convince mankind that paper can be made a measure of value, or a circulating medium. The absurdity of one, is as great as that of the other.

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## CHAPTER VI.

### *The source and cause of National Wealth.*

ADMITTING the true definition of national wealth to be, *a capacity for acquiring the necessaries and comforts of life*, and political economy becomes at once susceptible of being reduced to such precision and certainty, as to entitle it to be denominated a SCIENCE; but hitherto, the definitions of national wealth have been so vague and contradictory—its sources so multifarious and uncertain, and the means of augmenting it so indefinite and equivocal, that it could, with no propriety whatever, be dignified with the name of SCIENCE.

In every science, there are certain appropriate technical words, which have a precise uncontroverted meaning, and always convey the same ideas to its professors. These technical words, or phrases, contain the fundamental principles of the science, which those, unskilled in it, are not supposed to understand. Without these, no subject whatever is a science.

In prosecuting the study of political economy, Newton's celebrated rule for philosophising will be found of singular use—*never to attribute an effect,*

*either to an inadequate cause, or to more causes than are necessary to produce it.*

Had this rule been adhered to by political economists, we never should have been embarrassed and perplexed with so many absurd, unintelligible theories on the sources of national wealth. One deriving it from the balance of trade, which produced an abundance of the precious metals—another, from the division of labour and parsimony in consumption—another, from agricultural labour—another, from labour in manufactures and commerce—another, from land labour and capital.

"Though it may appear extraordinary, that the sources of wealth, which have been the object of much speculation, should not have been long ago accurately investigated and defined; it is nevertheless certain, that there is no subject on which there has existed, and does exist, more marked variety of opinion."*

"A source of national wealth," is perhaps, according to my definition of national wealth, an inaccurate mode of expression. National wealth, is rather an attribute or quality, than corporeal matter. The necessaries and comforts of life, do not of themselves constitute national wealth, but the capacity for acquiring them constitutes it. "A source," from which the necessaries and comforts of life are derived, is a correct mode of expression, but "a source," from which the capacity for acquiring them is derived, is a more doubtful mode of expression.

"The sources of national wealth," however, is so

* Lauderdale on Wealth, chap. iii.

common a phrase in treatises on political economy, and has, by usage, become so completely incorporated into our language, that it would be vain to attempt to expunge it. I shall therefore continue to use it, and with this explanation, it can lead to no ambiguity.—By it, I mean the fountain from which we derive the necessaries and comforts of life.

The word *source* is sometimes used as synonymous with *fountain*, and sometimes as synonymous with *cause*. I shall always use it as synonymous with *fountain*. This is its appropriate meaning in political economy, where it is used to express the origin of the necessaries and comforts of life, as contradistinguished from the cause which produces them.

The earth then, is the only source of national wealth—the fountain from which we derive all the necessaries and comforts of life. The earth includes the ocean as well as the land. From it we derive not only food and raiment, but all the minerals and precious metals esteemed valuable or useful among men. In this sense of the word source, no argument is necessary to prove that the earth is the only source of public, as well as private wealth.

The earth then, being the source of wealth, the next thing to be ascertained, is the cause which produces it. The earth does not yield her fruits spontaneously—the law is, that "man shall eat bread in the sweat of his face." LABOUR then, is the cause, and the only cause which produces national wealth—which draws forth from the great fountain, the necessaries and comforts of life. The power which produces national wealth, resides in the bones and sinews of man; and it is in vain to seek for it any where else.

Industry is the main spring, the fundamental, indispensible principle of every true system of political economy. If we would increase the fecundity of the earth, it must be done by industry or labour—if we would augment the necessaries and comforts of life, it must be done by industry.

Before any decisive opinion can be pronounced upon the effect, which any political measure will have upon the wealth of a nation, it must be ascertained what effect it will have upon the industry of the nation. No political device, artifice, or regulation, will ever, in the present state of the world, permanently promote national wealth; which does not permanently promote national industry. There is no such thing as augmenting national wealth by legislative enactment, otherwise than by its augmenting the industry of the nation.

This is all that it would be necessary to say upon the *source* and *cause* of national wealth, were it not that a multitude of false doctrines and contrary theories have been promulgated to the world, under the sanction of great names; and it can scarcely be expected, that a different theory, however manifest the truth of it may be, will be received upon the authority of a humble unknown individual, in opposition to these great names, and the commonly received opinions of the day, unless these opinions are shown to be erroneous. It, therefore, becomes necessary to examine them.

Dr Smith says, "the annual labour of every nation is the fund (*cause*) which originally supplies it with all the necessaries and conveniencies of life, which it annually consumes, and which consists always in the

immediate produce of that labour, or in what is purchased with that produce from other nations.

"According, therefore, as this produce or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniencies for which it has occasion."

These two sentences contain the soundest principle of political economy to be found in the whole of "The Wealth of Nations." They are the two first in the book; and had Dr. Smith adhered to the profound doctrine, with which he sat out, he would have been justly entitled to his great reputation as a political economist.—Had he done this, he never would have involved himself in that labyrinth of artificial distinctions and arbitrary definitions, which characterises his work, in such an eminent degree. Had he adhered to the simple principle contained in these sentences, his work would have been as distinguished for perspicuity and clearness, as it is now for obscurity. The only criticism to which the above quotation is liable, is the improper use of the word "*fund.*" Labour is a *cause*, and perhaps a source, but it can with no propriety be called a *fund.* Perhaps also the word *comforts*, might with advantage be substituted for the word *conveniences.* Dr. Smith appears to have had no conception of the beauty and force of the definition of the cause or source of wealth, which he had given, for he afterwards departs from it, in a most remarkable degree.

Dr. Smith tells us in a subsequent part of his work, that "the capital of a society which is the same with

that of all the individuals who compose it, can be increased only in the same manner as the capital of an individual." * He also tells us, that "whoever derives his revenue from a fund which is his own, must draw it either from his labour, from his stock, or from his land." † He uses the word capital here as synonymous with wealth, and hence it follows, that if the revenue of an individual can be derived from labour, stock and land, so, according to Dr. Smith's theory, may the revenue of a nation. In the first place then, we are told, that labour is the only fund "which originally supplies a nation with all the necessaries and conveniencies of life;" and in the next breath almost, we are told, that a nation may derive its revenue either from labour, stock or land; for if an individual can derive a revenue from labour, stock or land, so may a nation in the opinion of Dr. Smith, for he says both are increased in the same way. But if labour is the fund which supplies a nation with all the necessaries and conveniencies of life, with what propriety can it be said, that the revenue of a nation may be derived from land and stock? Dr. Smith, is therefore, in direct hostility with himself, as to the source or sources of national wealth. If an individual own a field which he cultivates with his own hands, then the field is the source or fountain from which he derives the product, and labour the cause that produces it; and if a nation cultivate its own lands and manage its own stock, then the land is the source or fountain of the product, and labour the cause that produces it. If national and individual wealth are identical, and

* Wealth of Nations, book. ii. chap. 36. † Ib. book. i. chap. 6.

the revenue of a nation may be derived from the same sources with the revenue of an individual, then it would follow, that a nation could derive a revenue from its land and stock independent of its own labour, because an individual may do it; but was such a thing ever heard of, or is it possible, in the nature of things, for a nation to obtain the necessaries and comforts of life for the use of its lands and capital?

Such are the absurd consequences of confounding national with individual wealth, and by not preserving the UNITY of a nation. An individual may procure the necessaries and comforts of life by *labour*, and so may, or rather so must a nation. An individual may own a quantity of *land* or *stock*, for the use of which he may obtain the necessaries and comforts of life without labour, but this can never be the case with a nation. A nation has but one resource for obtaining a revenue, which is labour.

In another part of his book, Dr. Smith says "that land and capital stock, are the two great sources of all revenue."* If he uses the word *source*, as synonymous with *fountain*, and by *land* and *capital stock*, he means *land only*, then land and *capital stock* is the only source of revenue; but if he uses the word source as synonymous with cause, and by stock means goods and chattels, then land and capital stock is not the source of any part of the revenue of a nation.

The Oeconomists maintain that land alone "is the true source of wealth, because it produces every thing that man desires, for the supply of his wants, for his

* Wealth of Nations, book v. chap. 3.

enjoyments, his pleasures, and his fancies; and because it constantly reproduces a quantity, superior to what has been consumed to effect its reproduction. This excess of reproduction, this gratuitous gift of the soil, this net produce, is the only fund, that can be employed to encourage the progress of labour, to reward its success, to promote improvements, and indefinitely to increase the sum of public and private wealth."*

The theory of the Oeconomists is ingenious, but it is altogether artificial and absurd. They express themselves accurately when they say, that land alone is the true source of wealth; provided a distinction be made between *source* and *cause*, but they make no such distinction. They use the word *source* as synonymous with *cause*. They deny that labour is the cause of wealth, or that it has any agency, in fact, in producing it. They deny, in express terms, that any labour whatever, is productive, except that immediately employed in agriculture, and their theory excludes the quality of productiveness from all labour. The "gratuitous gift of the soil"—"the quantity superior to what has been consumed to effect the reproduction," is the "only fund" that can, "indefinitely increase the sum of public and private wealth."

The whole of the sophistry of this reasoning, consists in confounding the fecundity of the earth, with the labour of man, and attributing to agricultural la-

* I have never read the *Physiocratie*, or any of the writings of the Oeconomists, as they are called. All the knowledge I have of their system is derived from Smith, Ganilh, and others, who have combatted their theories. The above quotation is from Ganilh.—p. 68.

bour, that which belongs to the powers of nature. They feign to believe that agricultural labour possesses an attribute or quality, which no other labour possesses; to wit, the attribute of fecundity or reproduction; whereas this attribute belongs to the earth. Labour performed in clearing, fencing, and preparing a field for wheat, is agricultural labour; but there is no more necessary connexion between this labour and the production of wheat, than there is between spinning and the production of wheat. If nothing more is done, there will never be any wheat. This labour then, according to their own theory, no more possesses the attribute of fecundity or productiveness, than manufacturing labour. Plowing is not then, of itself, productive labour.

Is sowing the grain productive labour? Does the attribute *fecundity* or *reproduction*. belong to the labour of scattering seed over the earth?

If it be scattered out of season or without due preparation of the ground, there will be no reproduction; nor if scattered in season and with due preparation, unless the field be fenced so as to keep the beasts from it. The labour of scattering the seed then is, in itself, no more productive, nor does it possess the attribute of fecundity, any more than the labour of fencing or plowing; and the labour of fencing and plowing no more than spinning and weaving. The truth is, there is but one kind of labour, although there are different objects upon which it may be bestowed, which will cause different results, and all labour is productive in proportion as it produces the result for which it was bestowed.

But this double refined distinction is not the most objectionable part of the theory of the Oeconomists. It is built upon that absurd and monstrous doctrine of *accumulation*, which has been more prejudicial to the science of political economy, than Aristotle's logic to the science of metaphysics.

The "excess of reproduction," the "gratuitous gift of the soil," the "net produce" above consumption, "is," in their opinion, "the only fund that can *indefinitely* increase the sum of public and private wealth;" from which it necessarily follows, that the greater this *excess*, this *gratuitous gift*, this *net surplus* above consumption, the greater will be the sum of public and private wealth.

Although the Oeconomists do not, in express terms, adopt the theory of *accumulation*, as the fundamental principle of their system, yet all their reasoning does, in fact, terminate in that principle. They maintain, that artificers and manufacturers are unproductive labourers, because their labour "can add nothing to the value of the raw material, but the value of their labour; because their labour adds nothing to the quantum of wealth, existing in the community;" or in other words, because their labour does not cause an accumulation of the fruits of the earth. It is, no doubt true, that the sum of public and private wealth, will be materially augmented by an increasing production of the necessaries and comforts of life, provided there is also a like increase of consumption. If, for example, the annual product of labour is augmented five per cent. and the consumption is also increased five per cent. and the product of one year's labour is entirely consumed as fast as it is produced,

or at farthest within the year following its production, there will exist a great degree of national prosperity; plenty will prevail among all classes of the community, and there will be a rapid increase of population. But if the annual product of labour is augmented five per cent. and the consumption is only increased three per cent. there will, of course, be a great accumulation of the necessaries and comforts of life, and the consequence will be, that a portion of the labourers, will be thrown out of employment, and reduced to want and starvation. It is true, that among certain classes of the community, especially the property holders, there will be plenty; but in estimating national wealth, we are to consider the condition of the whole nation, and not any particular part of it. Admitting then, that artisans and manufacturers add nothing to the value of the raw material but the value of their labour, or that they do not alter the quantum of wealth existing in a community, still if they prevent accumulation, they promote national wealth.

For what purpose this accumulation? Where is it to end? Does it not seem plainly a dictate of nature, that all the produce of the earth should be consumed the year following its production? And shall we presume to promote national wealth by running counter to the laws of nature? Has not nature herself made effectual provision against any permanent *accumulation?* Was ever a nation known to augment its wealth by *accumulation?** On the contrary, do we not always find national prosperity the greatest, when

* We have, it is true, in the book of Genesis, an account of an accumulation of the fruits of the earth, in Egypt, under the administration of Joseph, during the seven plenteous years, but as

consumption is just equal to production? Or, as nearly equal as possible. This doctrince of accumulation is the legitimate offspring of those systems of political economy which confound national with individual wealth.

Lord Lauderdale is the only writer on political economy, that I have read, who has attempted to distinguish national from individual wealth. He says, "national wealth has by all been considered merely as made up of the riches of individuals belonging to the community; the capital of a society has been regarded in every respect, as the same with that of all the individuals who compose it; and the sum total of the fortunes of individuals has been conceived, to convey an accurate description of the mass of national wealth. Parsimony, which experience teaches us is the most usual means of increasing private fortune, is universally represented as the parent of public wealth. Frugality is said to increase, prodigality to diminish public capital. Every prodigal is represented as a public enemy, and every frugal man as a public benefactor. So much, indeed, is public wealth universally deemed the same thing with the mass of private riches, that there appears no means of increasing the fortune of an individual, when it is not done directly at the expense of another, that is not regarded as productive of national opulence.

"It is, however, impossible to subscribe to the idea that the sum total of individual riches forms an accu-

we have no reason to expect another seven years famine, it is hardly worth while to make that a precedent in the administration of public affairs, or adopt it as a principle in political economy.

rate statement of public wealth. Though the opinion has been universally prevalent, it must be deemed false and unfounded by every man who considers the subject, after having formed and familiarized himself to, an accurate and distinct opinion of the nature of value.

"When we reflect on the situation of this country, it appears, indeed almost self evident, that the sum total of individual riches cannot be considered as affording an accurate statement of public wealth."*

But although the noble earl, (to speak of him in courtly style,) was impressed with some vague indistinct notion, of a distinction between national and individual wealth, yet he has utterly failed in his attempt to ascertain in what that distinction consists, as will be manifest, on reading his definitions of the two kinds of wealth.

"Wealth," he says, "may be accurately defined *to consist of all that man desires as useful or delightful to him.*

"Riches may be defined; *to consist in all that man desires as useful or delightful to him; which exists in a degree of scarcity.*"†

*Wealth*, he applies to nations, and *riches* to individuals, so that the above are his definitions of national and individual wealth.

It is plain from these definitions, that the noble earl had no distinct notion of either national or individual wealth, for it would be impossible for any man who had clear conceptions of any subject, to frame such an unmeaning, senseless definition of it.

* Lauderdale on Wealth, p. 40, 43, 46. † Ibid. 56.

According to this definition, good water, pure air, fine music, beautiful landscapes, good friends, and a thousand other useful and delightful things of a similar kind, are ingredients of national wealth, because they are not only useful and delightful to man, but desirable also; yet none of them would be ingredients of individual wealth, unless they existed "in a degree of scarcity." Good water and pure air would be constituent parts of individual wealth in New-Orleans, because they exist there in a degree of scarcity, but not in Baltimore, because there is no scarcity. Fine music, beautiful landscapes, good friends, and beautiful women, are ingredients of individual wealth every where, according to the noble earl's distinction, because they exist in a great degree of scarcity every where, and are not only very desirable, but very useful and delightful to man.

Unless a more sensible distinction than this, between individual and national wealth, can be framed, it is hardly worth while to attempt to make a distinction.

Lord Lauderdale became bewildered on this subject, by not understanding the nature of value, and by not distinguishing between its technical and popular meaning. He supposed that water has no value because it does not ordinarily exist in a degree of scarcity. But the water we drink, has as much value as the food we eat, in the popular sense of the word, although neither has any value in its technical sense, because they are not exchanged. The water a nation drinks, the food it eats, the air it breathes, and the territory it inhabits, are of equal value, in the popular or figurative sense of the word,

because each is indispensable to a nation's existence; but none of them have any value in the real technical sense of the word, because they cannot be exchanged. But although these things have no value, they are as indispensable to individual as to national wealth, because neither could exist without them. The reason why gold and silver are of no value among savages, is because they have no occasion to exchange them, and not because they are either plenty or scarce, as lord Lauderdale supposes.

Lord Lauderdale's own illustration of his distinction between public wealth and individual riches, places, in a still stronger light, the absurdity of his definitions. "What opinion," says the noble earl, "would be entertained of the understanding of a man, who, as the means of increasing the wealth of a country, should propose to create a scarcity of water, the abundance of which was deservedly considered as one of the greatest blessings incident to the community? It is certain, however, that such a project would, by this means, succeed in increasing the *mass* of individual riches." Or, "suppose it possible to create as great an abundance of any species of food as there exists of water, it follows, that by occasioning such an abundance, the sum total of individual riches, would most certainly be diminished to an extent equal to the total value of that species of food whose value would, by this means, be destroyed."*

It is really surprising what absurdities men fall into by not preserving the UNITY of a nation, and by attaching an improper meaning to the word *value*. Had

* Lauderdale on Wealth, p. 44, 45.

lord Lauderdale considered a nation as a unity: he never would have supposed that the "*mass* of individual riches" could be increased by creating a scarcity of water: The mass of individual riches comprises the riches of all the individuals in the nation—It is the totality of individual property, and taking riches or property from one part of the individuals of a nation, and giving it to another part, does not augment the sum total, or mass. Diminishing the quantity, or creating such a scarcity of water, as to render it of technical or exchangable value, would in effect be precisely equivalent to taking property or riches from one part of the community, and giving it to another; for just so much as those who had water to sell, received for it, just so much would those who bought, pay for it. The intrinsic importance of water for consumption would not be in the least changed. Suppose such a scarcity of water could be created, as that it would sell for ten cents a gallon, and there were ten men in the community, who had each a spring, which yielded ten thousand gallons a day, all of which they were able to sell at the rate of ten cents a gallon. In such a case lord Lauderdale says, "it is certain, that the mass of individual riches of the country would be increased in a sum equal to the value of the fee simple of all the wells." But I say on the contrary, that the mass of individual riches would not be increased one cent, even according to his notion of individual riches, or of *value*. The exchangable value of the property of the individuals of the community would not be augmented a cent. The property or riches of these particular individuals who owned the wells, no doubt would be, and so would

the riches of ten highway robbers, who should have taken ten thousand dollars a piece upon the public highway. In the one case, the riches of the rest of the individuals in the community would be decreased, in the exact proportion that that of the owners of the wells was increased: and, in the other case, the riches of those who had been robbed, would be decreased in exact proportion, as the riches of the robbers was increased. And so, if it was possible to create as great an abundance of any species of food, as there exists of water, the sum total of individual riches would not, as lord Lauderdale supposes, be thereby diminished; for although the exchangeable or technical value of the property or riches of some particular class of individuals might thereby be diminished, yet that of other classes would be in proportion augmented, so that the mass of individual riches would remain the same.

Although lord Lauderdale had some indistinct notion of the difference between national and individual wealth, yet as he did not preserve the UNITY of a nation, but confounded the nation with the individuals of whom it is composed, it is in vain to look into his work for any intelligible distinction between national and individual wealth.

As lord Lauderdale had no clear conceptions of national wealth, it is not to be expected, that he would entertain correct notions of its source. As he has however adopted the most prevalent doctrine on the subject, and has probably illustrated it in a more clear intelligible manner than any other writer, an examination of his theory will suffice for the whole.

He says, that "*land labour and capital are all*

*three original sources of wealth.*" The term land includes mines and fisheries.

*Land* is undoubtedly a source, and the only source of wealth, provided the word source is used as synonymous with *fountain*, but not if it be used as synonymous with *cause*. Land is a subject by the proper use of which wealth may be produced, but man is the agent to make this proper use. So machinery is an instrument or subject by the proper use of which, the capacity of man may be augmented in the production of wealth; but this machinery would be useless and unproductive without the labour of man. Labour is, therefore, either the proximate or primary cause of wealth, and should always be so considered.

It may perhaps be said, that the earth yields some fruits spontaneously, that labour is not necessary to produce them, and therefore, land is a *cause* as well as a *fountain* of wealth. But is there no labour necessary to gather these fruits? Is not the savage, who plucks a bunch of grapes to satisfy hunger, the agent in procuring those grapes? Would his hunger have been satisfied, if he had not put forth his hand to pluck them? And is not this labour, as much as ploughing, or gathering corn? If he kills a deer in the forest, is not this labour? Or, can a fish be pulled from the ocean for food, without labour? Labour, therefore is the sole cause of wealth.

The importance of the distinction between the source and the cause of wealth, will be manifest when it is considered how many volumes have been written upon this subject, and what a marked variety of opinions has, and does still exist upon it. The whole controversy, however, has arisen from the ambiguity

of the word source. It sometimes meaning fountain, and sometimes cause. Had this variety in the meaning of the word source been noted by writers on political economy, it would immediately have put an end to all their disputes about the sources of wealth.—Nothing is more essential than precision in the use of terms to the right understanding of any subject, but on all scientific subjects, it is indispensable.

If lord Lauderdale uses the word source as synonymous with fountain, then labour is not a source of wealth—if he uses it as synonymous with cause, then land is not a source of wealth. It is proper to say that labour is the cause of wealth, but it is not proper to say that labour is the fountain of wealth, according to any approved use or meaning of the word fountain. The sea is a fountain of fish, or from which we draw fish, but it is neither the cause of fish, nor the cause from which we draw fish. Cause presupposes power—fountain presupposes none. Labour cannot, by any license of expression, mean fountain.

Is capital "an original source of wealth?" Lord Lauderdale gives us no definition of capital, but leaves us to infer its meaning from the manner in which he uses it. He says, that capital may be employed.

1. "By the manufacturer, in building and obtaining machinery."

2. "In procuring and conveying to the manufacturer the raw materials, in advance of wages; in conveying the manufactured commodity to the market, and furnishing it to the consumers; that is, in the home trade."

3. "In the importation of the commodities of another country, or the exportation of home manufactures; that is, in foreign trade."

4. "In agriculture."

5. "There is a part of the capital of every country employed, merely for the purpose of circulation; a greater or smaller portion of which is necessary for conducting the transactions of every member of the community."*

Capital then, includes not only money, but both personal and real property. If money, employed in buildings and machinery, and in agriculture, is capital; then buildings, machinery, and land, must be capital. So that capital, and property, are synonymous terms.

"In every instance," says the noble earl, "where capital is so employed as to produce a profit, it uniformly arises either—*from its supplanting a portion of labour, which would otherwise be performed by the hand of man;* or—*from its performing a portion of labour which is beyond the reach of the personal exertion of man to accomplish.*"†

Capital then, either *supplants* a portion of labour, which man might perform; or it *performs* a portion of labour which man could not perform. A spade, a plough, a spinning jenny, a flour elevator, and such like machinery, constitute, I suppose, a portion of capital employed in the first branch of the noble earl's division of the employment of capital; for they supplant a portion of labour which would, or at least, might be performed by the hand of man. This branch indeed, includes all the capital expended in labour-saving machines, provided the machines do not perform a portion of labour which man could not perform.

* Lauderdale on Wealth, 159. † Ibid, 161.

Capital, it seems, is capable of "performing a portion of labour which is beyond the reach of the personal exertion of man to accomplish." What portion of capital it is that possesses this mighty power, the noble earl does not tell us, and I cannot for my life imagine, unless it is that portion which consists of, or is employed in a water fall, which turns a water wheel, or a steam engine, or a ship which transports goods across the ocean. It is beyond the reach of the personal exertion of a man to turn a large water wheel, or work a steam engine, or transport goods across the ocean, and therefore, I suppose the noble earl would tell us, it is necessary to call in the all powerful agency of capital, to perform these herculean labours; and, therefore, this powerful agent, capital, is a source of wealth. But in my humble judgment, capital is not the agent in the performance of these mighty works, but merely the instrument in the hands of man. That man is as much the agent in setting a water wheel, a steam engine, or a ship in motion, as in setting a spade in motion, and that it is not less absurd to suppose that capital performs the labour in turning a water wheel, or working a steam engine, than in spading up a piece of ground; and that capital is no more the source or cause of wealth in the one case, than in the other.

If lord Lauderdale uses the word source, as synonymous with fountain, then that portion of what he calls capital, which consists of land, and no more, is a source of wealth. But if he uses it as synonymous with cause, then I say, no portion of capital, however employed, is a source of wealth.

A savage, who should have discovered the mechanical power of the lever, would thereby have increased his capacity for raising weights from the earth a thousand fold, but the philosopher who, in tracing the effect to the cause, should stop at the lever, would be laughed at for his short sightedness; but there is as much propriety in considering the lever the source or cause of power, as in considering a steam engine or spinning jenny, a source or cause of wealth. Without the aid of the savage the lever would be perfectly powerless. The savage, therefore, is the source of power, and not the lever. So without the agency and labour of man the steam engine and spinning jenny would be as perfectly powerless and inoperative, as any unshapen mass of inert matter. These are, therefore, not the source but only the instruments of power or *capacity*, and it is as unphilosophical to trace capacity to the engine or jenny, as power to the lever. A spade is not the cause, but the instrument of cultivation. Had there been no other *cause* but the spade, the garden would not have yielded her increase. Neither the wheel, nor the loom, nor even the steam engine, are the causes which produce cloth, but only the instruments by which cloth is produced. Neither the money, by which a merchant is enabled to exchange commodities, nor the commodities themselves, are the causes of wealth or profit, but only the instruments or means by which they are produced. The ship, which transports the goods across the ocean, is not the cause of profit, but only the instrument by which the merchant is enabled to make a profit.

A steam engine or a spinning jenny, is no more a fountain of cloth, than a spade or a plough is a fountain of corn. Capital, whether money or stock, employed in exchanging commodities, or in conveying them from place to place, is no more a fountain of wealth, than a broker's office or a broken bank, is a fountain of silver and gold. Capital, so employed, may be an instrument or means of acquiring individual wealth, and so may a broker's office or a broken bank. There is, however, this difference between them: one may be a means of augmenting national wealth, the others never can.

Capital is a useful instrument or means for acquiring wealth, but it is neither the cause, nor the source, nor, unless it consists of land, is it the fountain of wealth.

But there is a still stronger objection to considering capital, that is, personal property, as "an original source of wealth." The necessaries and comforts of life, which it is an instrument or means of procuring or producing, do not themselves constitute national wealth. Neither the bunch of grapes, nor the deer, nor the fish, which the savage has procured, by his labour, constitute wealth to him. As soon as they are consumed he is as poor as before they were taken. The power of the savage is not augmented in consequence of having used the lever, but in consequence of being able to use it again. So the wealth of the savage does not consist in having plucked a bunch of grapes, or pulled a fish from the ocean, but in his capacity for plucking another bunch, or pulling another fish, when he shall be hungry.

If the bunch of grapes he had just plucked and eaten, was the last he could ever obtain, he would not feel himself rich in the possession of them; they might prolong life a few hours, but he would hardly esteem that wealth. But if he should, by cultivating the vine, be able to supply himself with as many grapes as he should want in future, he might justly consider the capacity he had acquired for procuring food, as wealth. Or, if he had invented a net by which he could, at all times, catch as many fish as he should want, he might, in that respect also, consider his wealth augmented; not because the net would be a source or fountain of wealth, but an instrument by which his capacity for acquiring sustenance was augmented.

So the farmer who has brought his farm to such a state of improvement as that it will always, by his labour, yield him the necessaries and comforts of life, may consider his wealth augmented in consequence, not because his land will yield her fruits without labour, but because with labour, it will yield in greater abundance. The land is the instrument or means of wealth in the hands of the farmer, the same as the lever is the instrument of power in the hands of the mechanic, but one can no more be called the cause of wealth, than the other can be called the cause of power.

Lord Lauderdale says himself, "and true it is that by the exertions of the labour of man alone, are food and materials for clothing extracted from the earth, in sufficient quantity to supply his wants."* Why,

* Lauderdale, p. 183.

then, does he attempt to trace wealth to any other source or cause?

When we consider how hot the controversy has been about the different sources of wealth, and how many volumes have been written in support of the different theories on this subject, and how much the science of political economy has been encumbered and embarrassed, by the writings of different authors in support of their various theories; and when we also consider how easily and naturally the difficulties are solved, by attending to the distinction between national and individual wealth, and to the literal and accurate meaning of a few words, which the different authors constantly use in an ambiguous or erroneous sense, we are almost led to believe that the object has been, not to elucidate, but to embarras the subject. It seems scarcely credible, that a writer who presumes to instruct mankind in the science of political economy, should really suppose that capital, whether land, money, or goods, was an active agent, capable of either *supplanting* labour, or of *performing* labour, which is beyond the reach or power of man to perform. It is not possible for any man to suppose that capital can really perform labour, and he who talks about labour performed by capital, must, therefore, use the language in a figurative or metaphorical sense; and when writers so far forget themselves as to suppose, that a science is to be elucidated by the flourishes of rhetoric, it is not surprising that so little progress has been made in the study of political economy.

That the earth is the sole fountain or source of wealth is so self-evident a proposition to a mind un-

trammelled and unsophisticated by the ingenious subtleties of philosophers, that a man would be thought to be engaged in a very idle employment, who should attempt to prove it: and that the labour of man is the sole cause that produces wealth, seems a not less self-evident proposition; and yet wealth has been traced to almost as many different sources, as there have been different writers on the subject Some maintaining that labour employed in a particular way, as in agriculture or commerce, was the only source of national wealth. Others that, land, labour, and capital are all original sources of wealth. Others make capital an active agent in the production of wealth, and attribute to steam engines, water wheels, and all kinds of machinery, the function which belongs to labour alone.

We find it, however, always the case, that when writers start upon erroneous principles on any scientific subject, the farther they proceed, the more bewildered they become, and the greater absurdities they fall into; and it was not to be expected that writers who confound a nation with the individuals, of whom it is composed, and national with individual wealth, would have clear conceptions of the nature and cause of wealth. In proportion as their ideas were confused about the nature of national wealth, it was natural to expect, that their ideas would be confused about the source and cause of it.

The prevailing error about the sources of national wealth proceeds from that great fountain of error in the science of political economy, the confounding of national with individual wealth. If an individual, owns a quantity of land, goods, or money, for the use

of which he can obtain a quantity of the necessaries and comforts of life, without his own labour, then the land, goods and money are to him a source of wealth, and so far as he is himself concerned, they are the cause of wealth, because no labour on his part is necessary to procure it. There is, however, a cause independent of the land, goods or money, which produces the necessaries and comforts of life, which constitutes the wealth of the individual, and that cause is the labour of those who purchase the use of the land, goods, or money, and as they are a constituent part of the nation, it follows, that it is the labour of the nation that causes the wealth.

As the individual who owns the property, land, or capital, can obtain a quantity of the necessaries and comforts of life without his own labour, it was natural for those who confounded national with individual wealth, to suppose that national wealth might flow from the same sources, and be procured in the same way. But when a nation is considered as a UNITY, it becomes necessary to make a distinction between national and individual wealth, and then the absurdity of considering capital as a *source*, or land as a *cause* of wealth, is manifest. We then perceive the propriety of considering land as the source or fountain of wealth, and labour as the cause, that produces it.

## CHAPTER VII.

### *The comparative advantages of Agricultural and Manufacturing labour.*

IF, according to the established laws of nature the earth is the only source of wealth, and labour the only cause by which it is produced; and if a capacity for acquiring the necessaries and comforts of life be the true definition of national wealth; the first question that presents itself to the political economist, is whether one species of labour* is better calculated to promote national wealth, than another. Whether it be the duty of government to encourage one species of labour in preference to another, or in other words, whether agricultural or manufacturing labour is most conducive to national wealth, or whether they stand upon equal ground in point of utility.

The most effectual mode of augmenting a nation's capacity for acquiring the necessaries and comforts of life, is the proper subject of inquiry for the political economist; and a more extensive or important subject cannot be presented to the consideration of the

* Although there is, in fact, but one species of labour, yet there are different subjects upon which it may be bestowed. which produces a difference in the effect; and the established laws of rhetoric authorise a figure of speech, which puts the effect for the cause. By different species of labour, therefore, is not meant any difference in labour itself, but in the effect produced, according to the subject upon which the labour is bestowed.

philosopher. It embraces not only the political and municipal regulations of a nation, properly so called, but also the character of man—the principles of human nature, and the motives of human action.

The capacity of a nation for acquiring the necessaries and comforts of life, depends on the development of the moral and physical energies of man. The most effectual means of developing these energies, constitutes the very *git* of the inquiry. The laws of nature must be studied—The principles of nature are the fundamental principles of political economy, and he who adheres to these principles the most strictly, and traces them out the most successfully, will entitle himself to the highest rank among the professors of this august and sublime science.

The only rational division, that can be made of labour, is, into that which produces the necessaries, and that which produces the comforts of life. No man ever has, or ever will be able to draw the line of distinction between the comforts and luxuries of life. It is useless, therefore, to attempt it. The distinction which Adam Smith makes between the *necessaries* and the *luxuries* of life, is whimsical enough. He makes *a linen shirt* a *necessary* of life, and *butchers' meat* a *luxury*. He makes no distinction between the *necessaries* and *comforts* of life.

Whether the one species of labour or the other, be most productive of national wealth, depends entirely upon accidental and arbitrary circumstances. In one sense that species which produces the necessaries of life, is the most important, and entitled to the rank of pre-eminence. Without it human life could not be sustained—Consequently it supports the whole fabric

of life, and civilization. Without it all other labour would be useless.

The immediate cause of this labour, is however so remote from the immediate objects of legislation—Those concerned in it have so little consideration of the important function they are performing; (which is no less than sustaining the whole superstructure of human society,) they are themselves influenced by so many other more immediate motives for their labour, that it is hardly worth while to puzzle one's brain, to establish the relative importance of the two kinds of labour.

There is another distinction vastly more important to have established. The distinction between the labour that tends to preserve, and that which tends to corrupt the morals of society. Let political economists cease their disputes about productive and unproductive labour, and employ their talents in ascertaining what kinds of labour have a moral, and what an immoral tendency, and then they may render some service to mankind.

Whether one species of labour is more productive to national wealth than another, depends entirely upon the circumstances of each particular nation. At one period agricultural labour may be the most productive, at another manufacturing labour, nor can there be any rules laid down before hand, for ascertaining whether the one or the other kind will be most productive.

Suppose the comforts of life not taken into the definition of national wealth, and it be defined a capacity for acquiring the necessaries of life alone. Even according to this definition, it would not, by any

means follow, that manufacturing labour was unproductive of national wealth. According to this definition, manufacturers for home consumption would be unproductive labourers; but manufacturers for foreign consumption would not. So far as national wealth is concerned, a nation may as well export manufactures as provisions—it may as well purchase provisions, by exporting manufactures, as to raise those provisions by agriculture. If the same quantity of labour, which would be necessary to raise a hundred thousand bushels of wheat, by being bestowed on manufactures, could always procure the same quantity of wheat from foreign countries, what difference can it make, so far as national wealth is concerned, in which way the labour is employed? It may make a material difference, as to the moral character of the people, and the political safety of the nation; and for these reasons, agricultural labour may be preferable, though not on the score of its being more productive or profitable.

As a general rule, manufacturing labour is the most profitable, because it requires the most skill. A man can, ordinarily, earn more corn in a day, by spinning and weaving, than by ploughing, notwithstanding all that economists may say of the unproductiveness of manufacturing labour: and if an individual can do this, so may a nation.

So long as the comforts and luxuries of life constitute a portion of our natural or artificial wants, so long will every species of labour which contributes to their gratification, be productive; and as a general rule, the more refined the luxury, and the more unnecessary the gratification, the better will the labour be paid

which produces it.—Hence, stage-players, and mountebanks, are always better paid than the cultivators of the soil,—dancing masters and fiddlers, better paid than teachers of the sciences. In a rude and unsophisticated state of society, one would naturally enough suppose, that dancing and stage playing were a species of labour not very well adapted to the production of corn; but in this refined age, they are found to be more productive of that article than turning up the virgin soil.*

But although it is perfectly immaterial, so far as national wealth is concerned, whether the people raise their own corn by cultivating the earth, or whether they manufacture toys and trinkets to purchase it with, so long as toys and trinkets will purchase it; yet, in regard to national security and independence, there is a vast difference between the two modes.—A nation that raises its own corn, need not fear having its supplies cut off. A nation that depends on purchasing it from foreign nations, by a sale of its manufactures, is liable to two very probable, and very fatal contingencies—that of having its supplies interrupted by foreign hostility, and that of losing the market for its manufactures, which would deprive it

* The labour of the fiddler, and stage-player produces a comfort of life, real or imaginary, to the audience, who are the consumers, and who pay for it, as much as labour bestowed in manufacturing lace, produces a comfort of life to those who wear or consume the lace. In both cases, the labour produces a comfort of life to the consumer, and the price paid for the labour, is a certain portion of the necessaries of life. This kind of labour, therefore, produces the comforts of life to the consumer, and the necessaries to the producer, strange result! but no more strange than true.

of the means of purchasing corn. Their occupation is liable to be usurped or interfered with, by others.

Such is, in some measure, the present predicament of England. For the last twenty-five years, she has not only enjoyed the benefit of her colonial monopoly, but also a monopoly to a great extent, of the trade with the whole world, which she has supplied with her manufactures. A large portion of her population have come to depend on their manufacturing labour, for their support—they procure their bread by spinning, and not by ploughing. The market for their manufactures has become very much circumscribed, and they are thrown out of employment—their occupation is gone; and although there may be, or might be, corn enough raised in England, for the support of all her inhabitants, yet these people who have been thrown out of employment by the change of the times —by the curtailment of their market, have got nothing, and can get nothing to buy with.

The last twenty-five years has been a period of great prosperity in England, in consequence of her extensive commerce—the necessaries and comforts of life were abundant, and easily procured, because the whole product of her labour was annually consumed —because there was no surplus of produce above consumption. The consequence has been, a most rapid increase of population, for an old country; and now, when the political storm has subsided, and things return to their natural state—when she no longer enjoys a monopoly of the commerce of the world, she finds herself encumbered with a surplus population; not a population which the island is incapable of supporting, and supplying with the necessa-

ries and comforts of life, but one which it cannot with comfort support under present circumstances; with their present pursuits, manners, customs, and habits. As soon as these can be changed to suit the times, they can all live as comfortably as the unequal division of property, and form of government, will admit of: but before this can be done, there must be much suffering.

The same causes which have produced the present embarrassment and distress in England, have produced a similar effect, though in a less degree in this country. The stagnation of business has produced an inordinate degree of national wealth, according to the theories of our profound political economists.—It has produced a great accumulation of the surplus of produce above consumption. The body politic is overwhelmed with a quantity of the product of labour, which it cannot consume.

There is, however, this material difference between the effects which the same causes have produced in this country, and in England. The difference arises from the different kinds of labour most prevalent in the two countries. The exports of England consist, principally, of the comforts of life, or the product of manufacturing labour—the exports of the United States, consist of the necessaries of life, or the product of agricultural labour. Destroying the market for these different kinds of products, causes the same mercantile embarrassment and distress, but it does not cause the same distress to the people. The commercial embarrassments are probably as great in this country, as in England, because commercial prosperity depends on the facility with which one commo

dity can be exchanged for another, and not on the kind of commodities exchanged. But a surplus of the product of agricultural labour has a very different effect upon the labourers who produce it, from what a surplus of the product of manufacturing labour, has upon those by whose labour it is produced. The latter is useless, unless it can be sold—the former may be eaten and will sustain life. As a general rule manufactures are as useless to those whose labour produces them, as gold and silver would have been to Robinson Crusoe. This is not the case with the surplus of agricultural labour—if it cannot be sold or exchanged, it can be eaten. We may be obliged to forego some of the comforts of life, according to our refined notions, but we are not obliged to forego life itself.

We are very much in the habit of confounding embarrassments in trade and commerce, with national distress. We are perpetually mistaking a few prominent noisy individuals in a nation, for the nation itself. There is a great stagnation in trade and commerce—the facility of exchanging commodities is interrupted, or constrained, and the merchants make a great outcry, which we mistake for the moanings of national distress. This however is not always the case. Mercantile distress may be the distress of the nation, or it may not. When the surplus produce which the merchants cannot dispose of, consists of manufactures or the comforts of life, then the embarrassment and distress of the merchants will be the distress of the nation—But when that surplus consists of the necessaries of life, then the distress of the merchants will not be the distress of the nation.

National distress consists in the want of the necessaries of life. Pauperism and starvation are the signs of national distress. But half the merchants in the country may fail, and still pauperism not prevail to any uncommon extent. Commercial embarrassment of itself, is not a species of distress which touches life. Merchants are not a class of people, likely to want the necessaries of life, whatever may be the extent of their embarrassments. National distress must always be sought for among the labouring poor—Distress among them, is a distress which touches life.

Whether agricultural or manufacturing labour will be most productive of national wealth, for the time being, depends entirely on accidental, arbitrary circumstances, which no political economist can foresee. It would have been impossible, in 1814, to have told whether in 1818, agricultural or manufacturing labour would be most productive of national wealth in England.

The demand, however, for agricultural labour, that is for the produce of it, is not liable to such fluctuations, as the demand for manufacturing labour, nor are the fluctuations when they happen, so fatal in their consequences. The former has, therefore, a great advantage over the latter, as regards national security and independence.

It has also a great advantage as to its moral effect upon the people. Agriculturists are a superior class of men to manufacturers. They enjoy more vigorous health, and possess more personal courage. They have more elevated and liberal minds. It is much more congenial to man's nature; to be abroad in the fields, breathing a pure air, and admiring the works

of creation, and the beauties of nature, than to be confined in the unwholesome, impure air of a workshop. The former softens the heart and liberalizes the mind—the latter hardens the heart, contracts the mind, and corrupts the passions.

It does not, however, follow that agricultural labour should be encouraged and patronized by the government, and manufacturing labour neglected, or discouraged. Universal experience proves, that the two species of labour, are a mutual advantage to each other, and that those nations are the most flourishing and prosperous, where a proper medium is preserved between them. They produce a re-action upon each other, and in this way, infuse into the body politic, a much greater degree of energy, than would otherwise be produced. To encourage manufactures, is often the most effectual mode of encouraging agriculture. Agriculture is never carried to so great a degree of perfection, in countries, exclusively agricultural, as in countries, where agriculture and manufactures flourish together, and receive the equal protection and encouragement of the government. This is manifest not only from experience, but also from the very nature of things.—Nature, when she planted in the breast of man a desire for the comforts of life, intended this desire, should be gratified upon the same terms and conditions, that his desire for the necessaries of life was to be gratified. It is, therefore, in pursuance of the dictate of nature, that man labours for the comforts of life! This is the provision of nature for raising man from a state of savageism to civilization. If nature had not planted in the breast of man, a desire for the comforts and luxuries of life,

the arts and sciences would never have been cultivated. Had such been the case, manufacturing labour would have been unproductive, and there would have been none of it; there would have been no employment for man, but agriculture, hunting, and fishing. With human nature thus modified, mankind would always have remained in a state of barbarism; for there could have been no motive for the exertion of his faculties, for any other purpose, than to obtain the necessaries of life. Every man must have provided his own food by his own labour; for there would have been nothing which he would give in exchange for it.

Among a people whose wants are confined to the necessaries of life, as is almost entirely the case with all savage nations, it is notorious that agriculture is never carried to any degree of perfection. Our industry is always in proportion to our wants, or to our motives to labour; and where his wants are confined to the mere necessaries of life, man is an indolent, slothful animal. But the case is entirely changed when the comforts and luxuries of life, come to constitute a portion of his wants. Skill in the arts, then becomes a means of acquiring food; manufactures come to have a value; manufacturing labour becomes productive; its product stimulates the agriculturist to greater exertion; a re-action is produced; the wilderness is converted into a fruitful field; and savage man into the polished enlightened citizen.

In this way artisans and manufacturers perform their full share, in multiplying the fruits of the earth, and in ameliorating the condition of man; not, howe-

ver, by accumulating the surplus product of labour, but by consuming it.

That is the best regulated community, where agriculture and manufacturing labour, bear a due proportion to each other; and when one preponderates in too great a degree, as is often the case, it becomes the duty of the government, to interpose and restore the equilibrium, by encouraging and protecting the other.

In England, manufactures have acquired too great a preponderance, either from the particular circumstances of the times, or from an unwise interposition of the government in their behalf. In the United States agriculture has acquired too great a preponderance, from the particular situation of our country, and from the unwonted demand for the product of agriculture, in consequence of the unexampled condition of the world, for the last thirty years. In both cases ought the government to interpose, to restore that just equilibrium, so essential to the health of the body politic, and so conducive to national prosperity and wealth.

The principal, or at least one of the principal objects of government, should be to preserve the body politic, from the disease of *accumulation*, not by stifling industry, or preventing production, (for that would be like a physician, who should think to preserve the vigour of the human body, by constant depletion,) but by making effectual provision for the complete consumption, within the time which nature dictates, of the whole product of industry.

The time dictated by nature for this consumption, is the year following the production. It matters not

by whom this product is consumed, provided it be but consumed. It may be consumed at home or abroad; by one nation or another, but consumed it must be, or the nation will not remain in vigorous health, any more than a man would, who had a quantity of food on his stomach, which he could not digest.

If all the manufactures are worn out, and all the provisions are eaten up clean, annually; we shall have no occasion to trouble ourselves about their value, or the price they would sell for; nor any occasion to inquire whether money is plenty or scarce; whether interest is high or low; whether the circulating medium be paper or gold; whether the national debt be great or small; or, whether one kind of labour be more productive than another; we may be very sure whatever be the case in these other respects, that in the present condition of the civilized world, the nation will be in a prosperous and flourishing condition.

It may, perhaps, be said that among all savage people the annual product of their labour is always consumed as soon as obtained, and that with them there is never any accumulation, and yet they suffer all the horrors of poverty and want. This is admitted, and it is also further admitted, that if this cannot be accounted for, upon principles consistent with the above doctrine, then the doctrine is erroneous.

What then are the points of contact or resemblance, between a horde of savages, and a nation of civilized men? For if there be no resemblance between the two, we cannot reason correctly from one to the other.

If the wants of a nation of civilized men, and the mode of supplying those wants, are entirely different,

from the wants of a tribe of savages, and their mode of supplying them, then the principles which apply to, and govern one, will not apply to, and govern the other.

In the first place, the wants of savages consist entirely of the necessaries of life; they know nothing of the arts and sciences; nor do they desire, or if they desire, they know not how to procure any of those articles which we denominate the comforts of life; manufacturing labour is altogether unknown to them. If they can get wherewith to satisfy hunger, it is all they expect of the product of labour; and their natural indolence and sloth is so great, that they never procure or enjoy an abundance, even of food. Poverty and want is the inevitable lot of all savages.

Very different are the wants of civilized man. They are innumerable, and insatiable. The necessaries of life, constitute a very small portion of them. The wants of the humblest individual, in civil life, are so numerous, that the labour of himself could supply but a very small portion of them. Could any one man build the house he lives in, and prepare the materials of which it is built? Could he make the furniture for it? Could he make even the clothes, which he considers necessary to his comfort? What man is there in civil society, who would not think himself in a deplorable state of poverty, if his articles of food were limited to the production of his own labour? If he could obtain no greater variety than that, which contents the savage?

But great as is the difference between the wants of the savage and the citizen; the difference between the manner in which they are supplied, is still greater.

This difference places them in such totally different circumstances, that the principles which govern the one cannot govern the other.

The savage supplies all his wants by his own labour. He depends on the labour of others for no part of them. His *individuality* is in this respect as complete as if he did not belong to any nation or tribe. Unless he hunts or fishes for himself, he goes without food. In such a state of things, it is very manifest, that no evil consequences can arise from accumulation. He can accumulate nothing but the necessaries of life, the benefit of which he is to enjoy himself, and if he fails to accumulate, he suffers the consequence of a dearth, famine, or other casuality.

The case, however, is very different with a man in civil society. Not one in five hundred of his wants is, or can be supplied by his own labour. He depends on the labour of others, perhaps, for all the necessaries of life, and, perhaps, for ninety-nine in a hundred of the comforts of life, and these he probably depends on being able to procure, by his own labour, on an article, which is to him, neither a necessary or a comfort of life. If then, the article accumulates upon his hands, and he cannot sell or exchange it for the necessaries of life, he must starve, or live upon the bounty of others. What is true of one individual, is true of thousands of others, and of a nation.

The most prosperous times for this individual, is when the product of his labour is consumed as fast as it is produced. As soon as the demand for it slakens, it begins to accumulate on his hands, and pinch him with distress: or in order to prevent its accumulation,

(the evil consequences of which, he is fully aware of, in spite of all the theories of political economists,) he perhaps dismisses some of his workmen, and thus throws the evil from his own shoulders, upon theirs. This causes, if not an accumulation of the commodity itself, upon the hands of the labourers, at least an "accumulation of superfluous labour,"* (another definition of national wealth) upon their hands, equally as destructive in its consequences, as the accumulation of the commodity itself. Thus, this evil, like all others, in human society, descends according to the laws of gravitation, from the higher to the lower grades of society, and with a force accumulated, in proportion to the height from which it descends.

There is, to be sure, no danger that a nation will either starve, or be compelled to live upon charity.—As there is no such thing as national wealth, in the absolute sense of the word, neither is there absolute national poverty. Wealth, and poverty, are comparative expressions, when applied to a nation, and the degree depends upon the number, which those who suffer want, bear to those who enjoy a competency. The parallel, therefore, between an individual and a nation, is not complete, but it is sufficiently so, to show the effect of accumulation on national wealth and happiness.

Although it is a matter of indifference, by whom the annual product of labour is consumed, provided there is a certainty that it always will be consumed,

* This might, with more propriety, be called superfluous idleness; and indeed, I cannot imagine what is meant by an "accumulation of superfluous labour," unless it is an accumulation of idleness.

yet it is all-important to guard against probable, or even possible contingencies, which may affect this certainty of consumption. For this reason, domestic, is preferable to foreign consumption,—the latter, depending in some measure on the will of others—the former, on the nation's own will alone. Home consumption, and a home market, is, therefore, always to be preferred to a foreign one.

This affords a solution of that much vexed and long agitated question of free trade. It is not my intention to discuss that question at present—it will be the subject of a future chapter. I will, however, here remark, that the true principles upon which that question ought to be settled, have never yet been developed. The question, whether individuals should be permitted to sell, where they can sell *dearest*, and buy, where they can buy *cheapest*, ought not to be decided upon the narrow, contemptible principles of private interests, but upon the more expanded and noble principles of public interests. Public and private interests, are often directly at variance; but when at variance, I presume, it is not to be made a question, which ought to prevail.

It is the duty of legislators, to foresee the public evil consequences of any particular policy, and guard against them. Private citizens can only be expected to be wise for themselves—it is not their duty to look after the public interests—they are not the conservators of national wealth. This belongs to the department of legislation.

If, from particular circumstances, from a state of war, or a state of peace, one species of industry is more profitable than another, it must be expected that

individuals will embark in it, without any regard to the evil consequences it may produce to succeeding generations; but it does not become a legislator, either to be blind to their consequences, or not to guard against them.

Hitherto, individuals have found it extremely profitable to import slaves from Africa, to cultivate their lands in America; and in the earlier periods of this accursed traffic, when there was a scarcity of labourers in America, it was no doubt, greatly conducive both to public and private wealth. This being the case, and admitting that there was no injustice, or moral iniquity in the trade, it could not have been expected of individuals to forego the advantages to themselves, on account of the pernicious effects of slavery, upon future generations. No man can be expected to forego a present advantage to himself, provided there is no immorality in the enjoyment of it, upon the ground that it may be prejudicial to posterity. He may have no posterity, or if he has, their interests at the distance of two or three generations, is too remote to influence his conduct. The influence of self interest on human conduct, like the laws of gravitation, is in the inverse compound ratio of distance and quantity.

Legislators, however, are not permitted to take such limited, short-sighted views of things—they are placed on a more elevated station—they move in a higher sphere—they are traitors to their high trust, if they do not look to the future, as well as the present —they are in one sense, (though, in a very humble one,) the vicegerents of God on earth; and, as he regulates and governs the world, by the laws of eternal justice and wisdom, in regard to the future, as

well as the present; by the same laws, ought legislators to regulate and govern the nations of the earth, over whom they preside. Even, according to the laws of self interest, the remoteness of the interests of future generations, should be counterbalanced by the magnitude of those interests.

Had the legislators of former ages been as just and as wise as they ought to have been, they would have foreseen the dreadful consequences of slavery to succeeding generations; and foreseeing them, it would have been their imperious duty (admitting slavery to be innocent in itself,) to have abolished the slave trade, and slavery. Had they done so, how much greater reason should we have had to bless their memory, than we now have?

It does not, however, follow, (as some have absurdly supposed,) that, because the legislators of those days, were not as wise, or as just as they should have been, or because they neglected their duty in not abolishing the slave trade, that those persons concerned in it were guiltless. Our forefathers are not exonerated from the guilt of carrying on the slave trade, upon the ground, that the English government permitted it. They were, on the contrary, guilty of the most attrocious crimes, against both God and man. They violated the law of God, written upon the heart of every human being. The nation, or state, as contradistinguished from the people, may not have been guilty, because it may not have had the power of offending, but the people themselves, were not the less guilty on that account.

What is true, as it respects the duty of government, in regard to the slave trade, so far as national

interests alone are concerned, is true of every other measure, relating to national industry, which has a remote tendency to affect national wealth and prosperity. The true policy for every wise legislator is, to consider the nation immortal, and to legislate for it, as though it was to exist for ever; but, unfortunately, most legislators act as though they thought the nation as short lived as themselves; and, instead of adopting a policy, which looks prospectively to future generations and centuries, they adopt one which looks only to themselves, and the present race; and, too frequently, one which looks only to the interests of some particular individuals, or classes, in the community, instead of the interests of the nation.

Legislation should always be national, and not individual; instead of which, it is more frequently individual than national. This is not to be wondered at, when we consider what a mass of stupidity and ignorance is ordinarily selected for the administration of public affairs. It seems almost to have grown into a maxim, that "when a man is fit for nothing else, he is fit for a legislator,"—that neither talents, education, or experience, are at all necessary to qualify a man to take charge of a nation's interests.

## CHAPTER VIII.

*An examination of some prevalent theories on the comparative advantages of Agricultural and Manufacturing Labour.*

In this and the preceding chapter there is no particular consideration of labour employed in commerce. The mercantile system, as it is called, will be the subject of a subsequent chapter, in which I hope to be able to develope the true principles of that system, and show the influence of commerce on national wealth.

It may here, however, be observed, that labour employed in commerce, is of the same species as that employed in manufactures—it produces the comforts of life, and it is governed by the same principles, as manufacturing labour. Whatever may be said, in this chapter, respecting commerce, applies to the *labour* employed in it, and not to "mercantile system," as contradistinguished from the agricultural system. In the "Wealth of Nations," agriculture, commerce, and manufactures are all jumbled together, and it is impossible to examine Dr. Smith's theories without taking the whole into one view.

The most prevalent theory on the comparative advantages of different species of labour is that of Adam Smith, contained in his treatise on "The Nature and Causes of the Wealth of Nations." This is a work of great celebrity, and has been, and is now, by most people, considered as text law on the science

of political economy, with how much propriety, we shall see in the sequel. There are, independent of erroneous theories and principles, two capital defects in the "*Wealth of Nations.*" The one is its *prolixity*—and the other its *obscurity*—its want of precision and accuracy in the use of terms. It is more voluminous upon subjects, which have nothing to do with political economy, than upon those, which have a necessary connexion with it. In short, it is rather a treatise on private, than public wealth.

Dr. Smith seems to have had a singular aptitude in using terms in an ambiguous sense, and of giving to words a meaning which they never possessed. He no where gives a definition of *wealth*. but attaches one meaning or another to it, as best suits his purpose. He gives half a dozen different meanings to the word *capital*, neither of which is its true meaning. He no where tells us, what he means by the word *stock*, or *the balance of trade;* and he would have us believe, that labour, has as many specific differences in its nature, as there are subjects upon which it is bestowed; and, above all, he perpetually confounds a nation with the individuals of whom it is composed. Hence the ambiguity and obscurity which pervades his book from beginning to end. He had in fact adopted an artificial system of political economy—one not founded in the nature of things, and it required all the ingenuity of his powerful talents, to render it plausible. He gave definitions, laid down principles, made divisions, and drew distinctions, which had no existence in nature. He was the champion of a particular system, and he bent the whole force of his great talents, to support it; and he

succeeded so wonderfully, that few writers on political economy, have dared to controvert it, or even to examine the correctness of his definitions and distinctions, much less the soundness of his principles—these have been taken for granted.

There is in the "Wealth of Nations," a great deal of useful information, and a great deal of solid reasoning, and the most irrefragable proofs of a powerful mind; but it also contains a great many puerile distinctions, and gross heresies on the science of political economy. As proof of this, the fact, that his system has been universally rejected by all the great statesmen of England, may be relied on, as almost conclusive. It will hardly be pretended, that the Pitts, the Foxes, the Pelhams, the Pulteneys, and the Walpoles of England, were not as great practical statesmen, as Adam Smith; but those men, who lived and reigned before Dr. Smith wrote, never adopted the system he recommends; and those who have lived and reigned since, have wholly rejected it. It might answer a very good purpose for them, to cry up his system, that other nations might be gulled by it, but they did not choose to be gulled by it themselves.

Dr. Smith was the champion of the agricultural, as contradistinguished from the mercantile system. He was also the champion of free trade, in opposition to navigation laws, colonial monopolies, and protecting duties; and in many of these things, he was no doubt right, but in many he was manifestly wrong.

There can be no doubt, that the mercantile system, (by which I mean the directing of labour, into the channels of manufactures and commerce,) which has

been adopted by England, has been pushed to an extreme, prejudicial to her interests, and she is now reaping the evil consequences of it; but there can be as little doubt, but what, that system has contributed most essentially to her unexampled wealth and power. This system has secured to her citizens peculiar privileges—it has greatly extended the market for her manufactures, and increased the demand for her skill and labour. It has in short augmented her capacity for acquiring the necessaries and comforts of life to a very great extent.

The maritime superiority of England which enabled her, in a great measure, to engross the commerce of the world, whenever she was at war with the other maritime nations of Europe. Her great colonial possessions, a monopoly of whose trade she has taken to herself, so far as she has found it for her interest to do so. Her navigation laws—the liberality and freedom of her political institutions, in comparison with those of other European nations, comprise all the advantages which England has enjoyed over the other nations of Europe, and to these must be attributed her great ascendancy over them, in wealth and power. And these causes have produced this effect, in spite of very great abuses and evils existing in her government, which have had a powerful effect in cramping and paralizing the energies of the nation. How great then must have been the efficacy of these causes! No nation in ancient or modern times with the same extent of territory as England, has ever attained to so great wealth and power. This extraordinary effect, could not have been produced without a cause. What is that cause?

The English are in nature the same as the people of other nations. Their climate is not more favorable, nor their soil by nature more productive than those of other nations; and much less so, than those of many. They have no natural advantages whatever, over other nations, unless a favorable situation for commerce, be a natural advantage. But if labour employed in commerce, be less productive of national wealth, than the same amount of labour employed in agriculture, wherein consists the advantage of a favorable situation for commerce? Are facilities for prosecuting an unproductive employment, an advantage to a nation? or an employment less productive than the people would be compelled to pursue, but for those facilities? It is true, that a productive employment may be prosecuted to too great an extent, which has no doubt been the case with the mercantile system in England, or with labour employed in manufactures and commerce, but this is as liable to be the case, with that labour which produces the necessaries of life, that is, agricultural labour, as with labour employed in commerce and manufactures, although the consequences may not be equally severe in the two cases.

That policy which Adam Smith reprobates, and which England has adopted, must then be considered as the cause which has produced the unexampled wealth and power of England.

This shows, that these comparative advantages of different kinds of labour, depends entirely on circumstances, which are perpetually varying, and should therefore be regulated and controlled by the government; and not, that one species of labour, is in its na-

ture more productive of national wealth than another.

There is one prevailing error or vice which runs through all the works on political economy that I have seen, which causes much ambiguity and confusion in our conceptions of this subject; in its own nature sufficiently abstruse, without being rendered more so by the manner of treating it. The vice of which I speak, is that of attributing to the subject about which, or upon which, labour is employed, the effect, which belongs to labour itself, or of conferring upon inert matter, the attribute, which belongs to labour. They talk about the relative productiveness of capitals employed in different ways, instead of the relative productiveness of labour employed in different ways. Thus, they tell us that capital employed in agriculture is more productive than capital employed in manufacture.

This is altogether an inaccurate, or at least, not a precise mode of expression. Capitals are not, strictly speaking, productive. The attribute productiveness, does not belong to them. Money cannot produce money; neither can land produce land, nor goods produce goods. It is a figurative mode of expression, to speak of the productiveness of capitals in any sense of the word capital,* and although such a mode of expression is allowable in the ordinary

* Perhaps a capital, consisting of cattle, might be called productive, in the literal sense of the word, as they increase by generation. But this is not what writers mean, when they speak of productive capital. Slaves also might be called productive capital, if by capital, is meant slaves; but when political writers speak of capital, they mean lands, ships, money, and goods.

transactions of life, where precision is not required; yet in an abstract science, where the utmost precision is required, in order to make the subject intelligible; it is most unpardonable to speak in highly figurative language, more especially without giving any explanation of the figures, or even any notice, that the words are used in a figurative sense.

To talk about the productiveness of capitals, in the literal sense of the words, is sheer nonsense. What then is meant? As no explanation is given, we are left to conjecture; and every man conjectures for himself. Is it surprising that so little progress has been made in the science of political economy, when those who write upon it, use language in so careless a manner?

In reading those chapters in the "Wealth of Nations," on "the division of stock," and on "the different employment of capitals," one gets almost into a passion at the ambiguity and confusion, which is occasioned by this figurative manner of expression; and by the arbitrary and unnatural divisions and distinctions which Dr. Smith, either takes for granted, or endeavours to establish. So long as these divisions and distinctions are suffered to remain in the science of political economy, the science itself, will remain in its present chaotic state.

"There are," says Dr. Smith, "two different ways in which a capital may be employed, so as to yield a revenue or profit to its employer.

"First, it may be employed in raising, manufacturing, or purchasing goods, and selling them again with a profit. The capital employed in this manner, yields no revenue or profit to its employer, while it

either remains in his possession, or continues in the same shape. The goods of the merchant yield him no revenue or profit, till he sells them for money, and the money yields him as little, till it is again exchanged for goods. His capital is continually going from him in one shape and returning to him in another, and it is only by means of such circulation or successive exchanges, that it can yield him any profit. Such capitals, therefore, may very properly be called circulating capitals.

"Secondly, it may be employed in the improvement of lands, in the purchase of useful machines and instruments of trade, or in such like things as yield a revenue or profit without changing masters, or circulating any farther. Such capitals, therefore, may be very properly called fixed capitals."

According to these definitions, it is the money and goods of the merchant, which yield, or produce him his revenue or profit, and not the act of exchanging one for the other, which is performed by the merchant himself. It is not the skill and industry of the merchant which increases his stock of money or goods, but the stock of money or goods which increase themselves. The capital *goes* from and *returns* to the merchant, in different shapes, and that too without his agency.

These would be very convenient kinds of capitals, and be entitled to the appellation *circulating*, and productive too, if there were any such; but merchants (in this country at least,) possess none such. The truth is, this language is altogether figurative, and ought not to be employed in treating of a science. It is as much the skill and labour of the merchant, that

produces or causes the profit, in exchanging commodities, as it is the skill and labour of the farmer, that produces or causes a field of corn.

Again, "useful machines and instruments of trade," it seems, "*yield* a revenue or profit without changing masters," and are therefore, fixed capitals. It is really surprising that a man of Dr. Smith's talents, should have attributed to the subject matter upon which labour is bestowed, a quality which belongs to labour alone.

The illustration of these definitions is not less curious, (if that can be called curious which is unintelligible,) than the definitions themselves.

"That part of the capital of the farmer which is employed in the instruments of agriculture, is a fixed; that which is employed in the wages and maintainance of his labouring servants, is a circulating capital. He makes a profit of the one by keeping it in his possession, and of the other, by parting with it. The price or value of his labouring cattle, is a fixed capital in the same manner as that of the instruments of husbandry. Their maintainance is a circulating capital, in the same manner as that of the labouring servants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintainance. Both the price and the maintainance of the cattle, which are bought and fattened, not for labour, but for sale, are circulating capital. The farmer makes his profit by parting with them. A flock of sheep, or a herd of cattle, that in a breeding country, is bought in, neither for labour nor for sale, but in order to make a profit by their wool, by their milk, or by their increase, is a fixed capital. The profit is

made by keeping them. Their maintainance is a circulating capital. The profit is made by parting with it, and it comes back, both with its own profit and the profit upon the whole price of the cattle, in the price of the wool, and the milk, and the increase. The whole value of the seed too is properly a fixed capital. Although it goes backwards and forwards, between the ground or the granary, it never changes masters, and therefore, does not properly circulate. The farmer makes his profit, not by its sale, but by its increase."

I have heard of different expedients for trying a man's temper, to ascertain whether he is choleric or good natured, but I doubt whether a better test can be found, than to set one to read the foregoing explanation of fixed and circulating capitals. If there be any acrid humours in his system, I am sure they would be excited, and he would get in a passion; if there be none, he would laugh at the idle employment of a grave philosopher, in endeavouring to establish such puerile distinctions. A farmer could sooner raise a field of corn, than he could ascertain, by the above rules, which of the instruments, and what portion of the expense of raising it, constitute a fixed, and what portion a circulating capital, and should he even succeed in ascertaining, he could make no practical use of his knowledge.

The capital employed in the instruments of agriculture, is a *fixed;* that employed in the wages and maintainance of labouring servants a *circulating* capital; and why? because a profit is made of the one, by keeping it in possession; of the other by parting with it. The price of labouring cattle a *fixed;* their main-

tainance a *circulating* capital; but both cattle bought to be fattened for sale, and their maintainance, are a *circulating* capital. A flock of sheep bought to be kept for their wool is a fixed, but their maintainance, that is, the grass they eat, a *circulating* capital.

The distinction seems to consist in the fact of their being bought to keep or to sell. If bought to keep, oxen, cows, sheep, ploughs, and every thing else, are fixed capital, but the expense of maintaining them, the food they eat, circulating capital. The distinction, then, consists in the *use* of the thing, and not in the thing itself. If an oxen is made to draw a plough or a cart, he is fixed capital; if suffered to kick up his heels in the pasture, circulating capital; and as soon as a farmer determines to sell a labouring ox, he becomes circulating capital. Suppose a pair of oxen were purchased for the double purpose of work and sale, what sort of capital would they be? Suppose land is bought for sale, and not to keep, is it fixed or circulating capital? Men often make money by buying and selling land, as well as by buying and selling goods.

This division of capital, into fixed and circulating is idle, arbitrary, and useless; and wholly unworthy of the brain which produced it. It is utterly impossible to make the distinction intelligible, because it has no foundation in the nature of things; it is a distinction without a difference. The distinction, according to Dr. Smith's own notion, is not in the thing itself, but in the *use* which is made of it, and it is altogether unphilosophical to found a distinction upon the use that is made of a thing. At this rate we might make as many different kinds of land, as there

were different kinds of culture. No distinction ought ever to be drawn, where a specific difference, in the thing itself, does not exist, otherwise distinctions may be multiplied indefinitely, and it would take a life time to learn their names.

There would be just as much propriety in making a distinction in iron, founded upon the use made of it, and call iron used in building a bridge, fixed iron, and that used in making a plough, circulating iron or plough iron, and that used in making a sword, killing iron, as there is in making a distinction in capital, and calling that employed in buying things to keep, fixed, and that employed in buying things to sell, circulating capital.

Dr. Smith uses the word capital as synonymous with property, and according to this use of the word capital, (which is by the way a wrong one,) the only natural and intelligible division that can be made of it, is into real and personal property, or real and personal capital. This includes every kind of property, unless, indeed, it should be said, that there is a species of incorporeal or representative property, consisting of stocks; and evidences of rights and claims.

With this distinction between corporeal and incorporeal property, as such, the political economist has nothing to do; it may be left entirely to the lawyers. The word property includes every tangible thing, and the division of it into real and personal property, is the only one which exists in the nature of things, and this distinction is obvious to the dullest apprehension.

Dr. Smith, in his zeal to build up a system of political economy, has endeavoured to draw new lines

of distinction, wholly artificial, and that have no existence in nature, and which can scarcely be comprehended by the acutest mind; and when comprehended, of no possible use. Doctor Smith was too ambitious—he was resolved to have the whole merit and fame of building up a system of political economy, and he therefore rejected every definition and distinction, which had been previously established.

These artificial distinctions are not merely useless, but positively injurious to the science of political economy. They perplex the mind, and embarras the subject, and no man will ever have a thorough knowledge of the science, until he eradicates from his mind, all the confused ideas which they have caused.

What possible advantage can arise from establishing Dr. Smith's distinction between fixed and circulating capital? Suppose we call the price of tools and machinery fixed, and the price of labour, circulating capital; will it assist the farmer in the employment of these different kinds of capital? Will he be able to lay out his money the more judiciously?—Whether a man has goods for sale or consumption—whether he lays out his money in purchasing machinery and tools, to carry on his business, or in hiring labourers;—in buying oxen to work, or to fatten—sheep to keep, to sheer, or to sell; still they are all personal property; and whether it be most beneficial to employ that property, or that capital, in the one way or the other, neither Dr. Smith, nor any other political economist can tell. No rules can be laid down about it—each particular case depends on its own circumstances, which the owner of the pro-

perty, whether most capable or not, will be sure to judge of for himself!

Doctor Smith's division of property into fixed and circulating capitals, is a total confusion of all division. According to his rule, it would be impossible to ascertain the difference between land and goods; for, if land was bought to sell, it would be circulating capital; if goods were bought to keep, they would be fixed capital; because, the profit would arise from *parting* with the land, and by *keeping* the goods.

We have, however, distinct ideas on this subject, when we do not read Dr. Smith's paradoxes, or attempt to understand them: and the sooner they are banished from the science of political economy, the better for the science.

Dr. Smith's division of stock, is alike arbitrary and useless. "The general stock of any country, or society," he says, "is the same with that of all its inhabitants or members, and therefore, naturally divides itself into the same three portions,* each of which has a distinct function or office." "The first, is that portion which is reserved for immediate consumption, and of which the characteristic is, that it affords no revenue or profit."

* "The whole stock of an individual," says Dr. Smith, "is distinguished into two parts. That part which he expects is to afford him a revenue, is called his capital. The other, is that which supplies his immediate consumption, and which consists either first, in that portion of his whole stock, which was originally reserved for that purpose; or secondly, from his revenue, from whatever source derived, as it gradually comes in; or thirdly, in such things as had been purchased by either of these, in former years, and which are not yet entirely consumed; such as a stock of cloaths, household furniture, and the like."

"The second, is the fixed capital, of which the characteristic is, that it affords a revenue or profit without changing masters.

"The third, is the circulating capital, of which the characteristic is, that it affords a revenue or profit, by circulating or changing masters."*

Dr. Smith perpetually embarrases the subject with the notion, that capitals possess the intrinsic quality of productiveness, without reflecting that it is labour alone that renders them productive—that they are, in fact, but an instrument in the hands of man, by which he augments his power. Why is it, that, that portion of capital, reserved for immediate consumption, affords no revenue or profit? Is it because there is any specific difference between that and what Dr. Smith calls fixed or circulating capital? Surely not; but because no labour is bestowed upon it, or because it is not made an instrument of labour.

It cannot be supposed that Dr. Smith wrote in this manner, from ignorance, but from carelessness. He writes of capitals, precisely as he would do, if they were sentient, active beings, and in reality, did themselves, what man does with them. This language is highly figurative, and although, in the ordinary transactions of life, sufficiently intelligible, yet when used in a science, where the utmost precision is necessary, it embarrases the subject, and bewilders the mind.—To say that a capital *divides itself*, or *affords a revenue*, or *produces a profit*, or *yields an income*, is, in the literal meaning of the phrases, gross absurdity.†

* Wealth of Nations, book ii. chap. 1.

† Capitals, whether lands, goods, or money, should never be made the agent, or nominative case, to a verb, in the active voice,

It is a correct mode of expression, to say that labour, employed in agriculture, is more productive than labour employed in manufactures or commerce; but not that capitals are more or less productive, according to the manner in which they are employed.

The real question, therefore, always is, what kind of labour is most productive, and not what capitals are most productive. It must never be forgotten, that labour is the sole cause of wealth.

In the chapter on "the different employment of capitals," Dr. Smith endeavours to establish the comparative productiveness of capitals, employed in different branches of business, and lays down certain invariable rules, by which he thinks their degree of productiveness may always be ascertained.

There is a good deal of ingenuity displayed in this theory, but it is totally fallacious, sophistical, and absurd, and the whole of the sophistry consists in attributing to capitals, those qualities which alone belong to labour. He, throughout, treats capital as the active agent, and labour, as the subject acted on; instead of treating labour as the active agent, and capital as the instrument, or subject acted on. This is allowable in rhetoric—we may put the effect for the cause, or the cause for the effect; but, in scientific writings, such liberties with language are altogether inadmissible.

but always in the passive voice, when we mean to speak with precision. When made the agent, or nominative case, to a verb, in the active voice, we necessarily give them a figurative meaning, because inert matter cannot act. The importance of this distinction will be manifest, when we come to consider what ambiguity and confusion has been occasioned in the science of political economy, by this figurative manner of expression.

"A capital," says Dr. Smith, "may be employed in four different ways: either first, in procuring the rude produce annually required for the use and consumption of the society; or secondly, in manufacturing and preparing that rude produce for immediate use and consumption; or thirdly, in transporting either the rude or manufactured produce from the places where they abound, to those where they are wanted; or lastly, in dividing particular portions of either, into such small parcels as suit the occasional demands of those who want them. In the first way, are employed the capitals of all those who undertake the improvement or cultivation of lands, mines, or fisheries—in the second, those of all master manufacturers—in the third, those of all wholesale merchants, and in the fourth, those of all retailers."*

"The persons whose capitals are employed in any of these four ways, are themselves productive labourers. Their labour when properly directed, fixes and realizes itself in the subject, or vendible commodity upon which it is bestowed, and generally adds to its price, the value at least of their own maintainance and consumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two first produce, and the two last buy and sell. *Equal capitals, however, employed in each of those four different ways, will immediately put into motion very different quantities of productive labour, and augment too in very different proportions the value of the annual produce of the land and labour of the society to*

* Wealth of Nations, book ii. chap. 5.

*which they belong.* The capital of the retailer replaces together with its profits, that of the merchant of whom he purchases the goods, and thereby enables him to continue his business. The retailer himself is the only productive labourer which it immediately employs: In his profits consists the whole value, which its employment adds to the annual produce of the land and labour of the society. The capital of the wholesale merchant replaces, together with their profits, the capitals of the farmers and manufacturers, of whom he purchases the rude and manufactured produce, which he deals in, and thereby enables them to continue their respective trades. It is by this service chiefly, that he contributes indirectly to support the productive labour of the society, and to increase the value of its annual produce. His capital employs too the sailors and carriers, who transport his goods from one place to another, and it augments the price of those goods, by the value, not only of his profits, but of their wages. This is all the productive labour which it immediately puts into motion, and all the value which it immediately adds to the annual produce. *Its operation* in both these respects, is a good deal superior to that of the capital of the retailer. Part of the capital of the master manufacturer is employed as a fixed capital in the instruments of his trade, and replaces together with its profits that of some other artificer of whom he purchases them. Part of his circulating capital is employed in purchasing materials, and replaces with their profits the capitals of the farmers and mechanics, of whom he purchases them. But a great part of it is always annually, or in a much shorter period dis-

tributed among the different workmen, whom he employs. It augments the value of those materials by their wages, and by their master's profits, upon the whole stock of wages, materials and instruments of trade employed in the business. It puts immediately into motion therefore a much greater quantity of productive labour, and adds a much greater value to the annual produce of land and labour of the society, than an equal capital in the hands of any wholesale merchant.

"No equal capital puts into motion a greater quantity of productive labour, than that of the farmer. Not only his labouring servants, but his labouring cattle are productive labourers. In agriculture also, nature labours along with man, and although her labour costs no expense, its produce has its value, as well as that of the most expensive workmen. The most important operations of agriculture seem not so much intended to increase, though they do that too, as to direct the fertility of nature towards the production of plants most profitable to man. A field overgrown with briars and brambles, may frequently produce as great a quantity of vegetables, as the best cultivated vineyard, or corn-field. Planting and tillage frequently regulate more than they animate the active fertility of nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occasion like the workmen in the manufactures, the re-production of a value equal to their own consumption, or to the capital which employs them, together with its owner's profits, but of a much greater value. Over and above the capital of

the farmer, and all its profits, they regularly occasion the re-production of the rent of the landlord. This rent may be considered as the produce of those powers of nature, the *use* of which the landlord *lends* to the farmer. It is greater or smaller, according to the supposed extent of those powers, or in other words, according to the supposed natural or improved fertility of the land. It is the work of nature, which remains after deducting, or compensating every thing which can be regarded as the work of man. It is seldom less than a fourth, and frequently more than a third of the whole produce. No equal quantity of productive labour employed in manufactures can ever occasion so great a re-production. In them nature does nothing—man does all: and the re-production must always be in proportion to the strength of the agents that occasion it. The capital employed in agriculture, therefore, not only *puts into motion*, a greater quantity of productive labour, than any equal capital employed in manufactures, but in proportion too to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the most advantageous to the society."*

The foregoing extract contains the whole of Dr. Smith's theory, respecting the comparative productiveness of capitals employed in agriculture, manufactures, and commerce. In order to prevent any misconceptions of his theory, I have made the extract entire in preference to making an abstract of it.

* Wealth of Nations, book ii. chap. 5.

Dr. Smith was the champion of the agricultural as contradistinguished from the mercantile system of political economy. All his prejudices and partialities were in favor of this system, and although he might not intentionally have resorted to any sophistry, to support it, yet such is the frailty of human nature in the greatest men, that they cannot examine with impartiality, any subject where they have strong prepossessions. Minds thus prepossessed mistake assertions for facts, and the most miserable sophistry for logical demonstration.

The Oeconomists had previously asserted, that agricultural labour was the only productive one, and although this doctrine bore the stamp of absurdity upon the very face of it, yet by a train of ingenious sophistry they had made it plausible. The whole of their sophistry consisted in giving an erroneous definition to the word *production*—and in making national wealth to consist in accumulation. They restricted the meaning of *production* to the fruits of the earth. Let it be admitted, that the word *production* has this restricted meaning, and it is easily proved, that no other labour is productive, but that employed in agriculture. Very little argument is necessary to prove, that spinning and weaving is not a species of labour, that will produce wheat and cotton, although it may produce cloth. The doctrine of the Oeconomists was too palpably absurd to be admitted into the "Wealth of Nations," it would have brought discredit on the work. Dr. Smith does not, therefore, adopt the theory of the Oeconomists in full, but only in part. He does not maintain that agricultural labour is the only productive one; but only that it is the

most productive one. Unless there are different degrees of absurdity, this doctrine is equally absurd with that of the Oeconomists; and the reasoning by which it is supported, is equally sophistical, although more ingenious.

The governing principle of Dr. Smith's theory, so far as I am capable of comprehending it, is, that the same amount of capital employed in different occupations will put in motion different quantities of labour. In other words, a thousand dollars employed in agriculture will put in motion more labour than a thousand employed in manufactures, or commerce, and will, therefore, be more productive. By the words, "will put into motion" must be meant, will employ, or will require to manage. Productive labourers he divides into agriculturists, manufacturers, wholesale merchants, and retailers. Agricultural labour is said to be the most productive, because a given capital employed in it, will put in motion a greater quantity of labour, than an equal capital, employed in manufactures. For the same reason capital employed in manufactures, is more productive than an equal capital employed by wholesale merchants, and capital employed by wholesale merchants, more productive than capital employed by retailers. This is to be sure a most beautiful theory, and a very convenient scale for ascertaining the productiveness of capitals, but before it can be admitted, the facts which it assumes for its premises, must be shown to be true. Like a great many other reasoners, Dr. Smith does not stop to inquire whether his premises are true or not, but takes them for granted. It is no doubt true, that a given capital, say ten thousand dollars, will in

some occupations, or in some particular branches of business, require more labourers to manage it, than the same sum requires in other branches of business, but it is not by any means true, that a capital will, when employed in agriculture, put in motion a greater quantity of labour, or require a greater quantity of labour to manage it, than the same amount of capital would do in manufactures, or commerce. It is well known, that the reverse is often the fact.

A manufacturer or merchant with a capital of ten thousand dollars, will often employ four times as many labourers, as a farmer with the same capital will do. A master shoemaker, tailor, hatter, and indeed almost every species of manufacturer, will with a capital of ten thousand dollars, employ more labourers, than a farmer with a capital of twenty thousand dollars. In short, it is not possible to imagine a more fallacious standard for ascertaining the productiveness of capitals, than the quantity of labour they put in motion, or in other words, the quantity of labour that is required to manage them. And this is as true in regard to national, as it is in regard to individual wealth.

If it be true that a capital is productive in proportion to the quantity of labour it *puts in motion*, or number of labourers it requires to manage it, then it would follow that all labour saving machines, ships, boats, &c. are prejudicial to national wealth; and that a manufacturer who should do every thing by manual labour, without the aid of mills and machinery, or a merchant who should cause his goods to be transported to foreign countries, on men's shoulders, would employ his capital more beneficially, if not for himself, at least for his country, than if he should trans-

port them in ships. It is true, that the same amount of capital, so employed, would not cause so many goods to be transported from one country to another, or cause so much cloth to be manufactured; but there would, nevertheless, be a greater amount of labour *put in motion*, or employed, in proportion to the amount of capital; which is Dr. Smith's standard for ascertaining the relative productiveness of capitals.

Is it conceivable, that if the merchants of a country were to employ double the number of labourers, as clerks, sailors, mechanics, &c. than they now do, to perform the same business, that the capitals of these merchants would be more beneficially employed, than they now are, in respect either to private or public wealth? Would the goods which they distribute to the consumer be increased in value, by this increased labour?

Their price might be enhanced, but would that enhance the value to the consumer? Such a doctrine is not only absurd upon the face of it, but it is in direct opposition to common experience and universal practice. Every expense that can be saved, in the employment of capital, either in agriculture, manufactures, or commerce, is universally considered, by all practical men, as an actual saving, not only to the individual, who employs the capital, but to the country; and the actual wealth of the country is supposed to be promoted in proportion. And it is so considered, upon the soundest principles; for every such improvement in saving of labour, increases the capacity of the country for acquiring the necessaries and comforts of life.

If, in consequence of an improvement in the instruments of husbandry, or in the machinery of manufactures, one half of the labour formerly required to produce a certain quantity of the necessaries and comforts of life, is saved; it follows that there is a quantity of labour equal to the quantity saved, that may be directed to the production of other necessaries and comforts of life; so that the people will be able to enjoy either more food or more comforts. Hence the advantage of improvements in the arts, in labour saving machines, roads, canals, and all improvements in water carriage.

It never can, however, be ascertained to any degree of certainty, whether a given capital, will employ or *put in motion* the greatest quantity of labour in agriculture, manufactures, or commerce. This principle never can, therefore, be made the basis of a system, nor assumed as a fact in reasoning. As a general rule, the capital of the merchant and manufacturer *immediately puts in motion* a greater quantity of labour, than an equal capital employed by the farmers. This is not, however, uniformly the case. Some merchants employ more labourers in proportion to the amount of either capitals, than others, but it does not, therefore, follow, that their capitals are more productive of either private or public wealth. Some manufacturers and some farmers, employ, or *put in motion*, more labour in proportion to the amount of their capitals, than others; but it does not follow, that their capitals are, for that reason, more productive. Although one capital may, "*immediately put in motion*," a greater quantity of labour than another, yet it may not *ultimately*, and it is a

matter of perfect indifference, so far as national wealth is concerned, whether the effect of putting labour in motion, be immediate or ultimate. Human society is such a complex machine; there is such a dependence of one individual upon another, that it is utterly impossible to tell from the immediate effect, what the ultimate effect will be.

Although an exporting merchant may not immediately employ more than ten labourers to manage a capital of a hundred thousand dollars, yet ultimately he may, more or less influence the industry and enterprise of ten thousand men. He may cause the consumption of the product of a great portion of the labour of ten thousand individuals. Nothing can, therefore, be more uncertain and equivocal, than the facts upon which Dr. Smith predicates his theory.

But, says Dr. Smith, "not only the labouring servants, but the labouring cattle of the farmer are productive labourers. In agriculture too, nature labours along with man." It is for this work of nature, that the landlord demands his rent, *which is seldom less than a fourth, and frequently more than a third of the whole produce.*

Such then, is the partiality of nature, that she lends the farmer her powerful aid, and assistance, in rearing his crop; while, like an unkind step-mother, she leaves the poor manufacturer to do all himself, "for in manufactures," says Dr. Smith, "nature does nothing: man does all;" and very naturally concludes, that "the re-production must always be in proportion to the power of the agents that occasion it." And indeed, it would be strange, if the labour of the farmer, with the powerful aid of nature herself, and his

own labouring cattle, should not be more productive, than the single handed, unaided exertions of the manufacturer and merchant. If nature never does less than a quarter, and often more than a third of the work for the farmer, he would be a most unworthy, slothful son, if his labour, was not more productive, than that of the poor neglected manufacturer and merchant, who do all for themselves.

But before we admit this inevitable superiority of agricultural labour, in consequence of the assistance of nature; and before we admit this partiality of nature to her children, so derogatory to her justice, let us inquire whether the fact be so. I strongly suspect that Dr. Smith, in this, as in the former part of his argument, has taken facts for granted, which require proof.

It will be admitted, that nature assists the farmer in cultivating, or rather in producing the fruits of the earth, even to a greater extent than Dr. Smith claims. It is admitted that she always does at least one half towards raising the crop. But is it a fact, that she does nothing for the manufacturer and the merchant? Does she not lend the manufacturer her aid in turning his water wheels, and in working his steam engines? Does not nature do at least one *half*, and sometimes a much *greater* proportion of the work, in manufacturing a piece of cloth?

But at any rate she does a much greater share than this, of the work for the wholesale merchant, by lending him the use of her winds and her waves in transporting his commodities across the ocean. Nor does nature overlook or refuse her aid to those of her sons, who are employed in the humbler occupations of life.

The wood-cutter would find it as much impossible to fell a tree, without the aid of nature, as the farmer would, to raise a field of corn, without her aid. By furnishing him with iron and steel, nature renders the wood-cutter as effectual aid, in felling a tree, as she does the farmer, in raising a field of corn, by furnishing him with refreshing showers, and a vivifying sun.

To talk about nature's assisting a man in one employment, and not in another, is sheer nonsense, for without the aid and assistance of nature, we could do nothing. Unless nature furnish us with a constant supply of pure air, we could not live a minute, and if she were to withhold from us her aid, in any employment whatever, we may be very sure we should not long pursue it.

Dr. Smith is not, however, the author of this doctrine of nature's partiality to the farmer. Whether it originated with the Oeconomists or not, I am not able to determine, but they made it the foundation of their theory. They assumed it as a fact in their argument, that in agriculture, *nature laboured along with man*, and that the product of nature's work constituted the *net produce*, the *gratuitous gift* of the soil, which they called a *surplus of production* above consumption; or, in other words, if a man raised more corn in a year than he eat, they called it the net produce of nature's labour.

In order to perfect this ingenious theory, it was necessary to deny that nature did any thing in the production of manufactures, and, therefore, there could be no net produce of their labour, because what the manufacturers consumed, while employed in their la-

bour, was precisely equal to the value which their labour adds to the raw materials upon which it is bestowed.

Dr. Smith's prejudices and prepossessions in favor of the agricultural system, were so strong, that he either could not, or would not disenthral his mind from the entanglements of this sophistry; and although he could not go all lengths with the Oeconomists, yet he went with them as far as his ingenuity could point out a plausible path.

Although the net produce of agriculture consists, according to his notions, only of the produce of the work that nature does for the farmer; and although he denies that nature does any thing for the manufacturer, still he admits that manufacturing labour is productive. In this he is not so consistent as the Oeconomists. In order, however, to extricate himself from this absurdity, he maintains, "that parsimony and not industry, is the immediate cause of the increase of capital," that is, wealth. So that, although the manufacturer can add nothing by his labour to the capital of the country, yet he may do this, I suppose, by denying himself the necessaries and comforts of life.

The whole of this theory is such a tissue of sophistry, that if one treads upon it ever so lightly he is sure to break through. It has, however, puzzled and misled mankind on the subject of political economy, which shows how much men prefer resting upon authority, to examining a subject for themselves.

It is really surprising how far Dr. Smith was led astray by his own sophistry. He considers the rent paid to the landlord to be the value of the *powers of*

*nature*, in the production of the fruits of the earth, which he says is seldom "less than a fourth, and often more than a third of the whole produce."

The calculation by which he arrives at this conclusion, would, I think, be a curiosity. Before it can be ascertained what portion of the work nature does, it must be ascertained, either what man could do without the assistance of nature, or what nature could do without the assistance of man; and if neither can do any thing, without the other, it never can be known what proportion their respective labours bear to each other.

A physiologist might as well undertake to ascertain the comparative importance of the heart and lungs, in sustaining human life, or a naturalist the comparative importance of food and water, in the sustenance of man, as for a political economist, to ascertain the relative proportions between what is performed by nature and by man, in the production of a field of corn.

But it is really astonishing, that this very illustration of his theory, did not tear the veil from Dr. Smith's eyes, and show him the absurdity of his doctrine. When he saw so clearly that the rent which the farmer pays to the landlord, was the produce, or the value of the produce of the powers of nature, the use of which the landlord lends to the farmer, how happened it, that he did not see as clearly that the money (call it what you will, rent, interest, or freight,) which the manufacturer pays for a mill situated upon a water fall, or for a steam engine, or which a merchant pays for the use of a ship, "may also be considered as the produce of the powers of nature," in

turning water wheels, in working steam engines, and in conveying ships across the ocean, "the use of which powers of nature," the owner of the mill, the steam engine, or the ship, lends or lets to the hirer.

Would the manufacturer pay as much for the use of the mill, if nature should refuse her aid in turning the water wheel, as he would do, were she not to refuse that aid? Would he give any thing for the use of the steam engine, if nature should refuse her aid in working it? Or would the merchant pay any thing for the use of the ship, if nature were to deny him the use of her winds, and her waves, in navigating it across the ocean? If not, then, whatever is paid for the use of these, "may be considered as the produce of those powers of nature, the use of which the owner of these articles lends, or rather lets, to the hirer," as much as the rent which the farmer pays to the landlord for the use of the land.

According to Dr. Smith's doctrine, how can the interest, paid for the use of money, be accounted for? He will hardly allow that nature has any partiality for usurers, or that she works with the shaver, in the production of money from money, or that the money lender has any of the powers of nature at his disposal, the use of which he can lend. But, however repugnant the idea may be to Dr. Smith's theory, still it is an incontrovertible fact, that the owner of money possesses a quantity of the powers of nature, which are subject to his disposal, as much as the owner of a quantity of land, in proportion to their respective values.

Nature has indued gold and silver with certain qualities, which render them useful and valuable to

man. Any man, therefore, who has a quantity of gold and silver, has a quantity of the powers of nature, which he may lend; and the interest he receives for it, "may be considered as the produce of those powers of nature," in the same manner, and with as much propriety, as the rent of lands. The doctrine, therefore, of the superior productiveness of agricultural labour, in consequence of the aid and assistance afforded by nature, is utterly absurd; and the superstructure which has been reared upon this foundation, is a superstructure of sophistry.

But, although a man could no more raise, or produce a kernel of wheat, or do any other the smallest act, without the aid and assistance of nature, than he could create a world—although he could not breathe or exist a single moment, unless sustained and enabled to do so, by the powers of nature, (for, "in God we live and move, and have our being,") yet, in a treatise on political economy, it is altogether unphilosophical, to trace wealth or any other consequence or effect, to the powers of nature; because, in the existence or operation of these powers, man has no agency; and in treating of national wealth, it is better to trace wealth to a cause, over which man has a control, than to one, over which he has no control, more especially as wealth may, with propriety, be considered as caused, entirely by the labour of man. Without the labour of man, there would be no wealth, no production. Labour should, therefore, be considered, in all scientific works, as not only the original, but the only cause of all wealth, and all production.

Tracing wealth to other sources or causes, not only destroys the simplicity and beauty of the system,

but it also perplexes the mind and embarrases the subject. Dr. Smith says, "revenue" that is wealth, may be derived from land, from stock, and from labour."* But what rent could be derived from land, if no labour was bestowed upon it? Rent is nothing more than a certain portion of the necessaries and comforts of life, which the tenant agrees to pay for the use of the land—he may agree to pay it in kind, or he may agree to pay it in money, which is but the measure or representative of a certain quantity of the necessaries and comforts of life. But let it come in what shape it will, and let it be called by what name you please, still it is only a portion of the necessaries and comforts of life, paid for the use of the land. How are these to be produced? by labour, and by labour only. The kind of labour is immaterial—it may be by agricultural, or manufacturing labour, still it is by labour, and to undertake to estimate the amount or proportion of aid, which nature affords in the production, is chimerical to the last degree. Labour then, is the sole source, or cause of rent. It is also the sole cause or source of the profits of stock, and the interest of money. This profit or interest is a certain portion of the necessaries and comforts of life, paid by the borrower to the lender, for the use of the loan. It is not usually paid in the specific articles of food and clothing, but in that which represents the value of a certain portion of them. Where and how are these to be produced, or procured? by labour, and by labour only. It is not necessary for the borrower to produce them by his own labour—there may be fifty intermediate

* Wealth of Nations, book i. chap. 6.

agents, between him and the productive labourer, still labour is the cause of their production.

There would be just as much propriety in tracing wealth to thirty different sources or causes, as to three, and just as much propriety in attempting to estimate the powers of nature, in sustaining life, as in attempting to estimate her powers in the production of wheat and corn. Dr. Smith fell into the absurdity of attempting to estimate the powers of nature, in assisting agricultural labour, from a misapprehension, or a misapplication of *value*. He applies the word value in its technical sense, both to national wealth, and to the powers of nature; when in reality it can only be applied to them in its popular or figurative sense. National wealth can have no real value, because it cannot be exchanged, and the powers of nature have no real value, because they cannot be bought and sold. The subjects upon which they operate, may be bought and sold, and these subjects have, therefore, a real or technical value. The powers of nature have a value in the popular sense of the word, because they are inestimable. There is, however, no difference in the value of the different powers of nature; or, if there be any difference, no man can estimate it. If the powers of nature in quickening the seed that is deposited in the earth, are of more value than the powers of nature in turning a water wheel, I know of no method of calculating the difference.

## CHAPTER IX.

### *The Mercantile System.*

POLITICAL economists are at present divided into two parties. One party espousing the agricultural, and the other the mercantile system. The former maintaining that agriculture is either the only, or the most productive employment, and the most conducive to national wealth. The latter maintaining that commerce is pre-eminent in productiveness and utility.

Both sides are partly right, and partly wrong, and the errors of both, proceed from erroneous notions of national wealth. Had they rightly understood the nature of wealth, and entertained clear and accurate conceptions of the character of national wealth, the science of political economy, never would have been burdened with so many voluminous treatises on the comparative advantages of agriculture and commerce. Both are essential to national wealth and prosperity, and the comparative advantages of two essential things cannot be estimated.

A farmer who should attempt to estimate the comparative advantages of sowing and reaping, would be thought engaged in a very idle and profitless inquiry. Unless he sows he cannot reap, and unless he reaps it would be useless to sow. So without agriculture, a nation could have little or no commerce, and without commerce a portion at least of agricultural labour would be useless. Agriculture, it is true, has no physical dependence upon commerce, but it

has a moral dependence quite as efficacious in its influence. Men might, if they would, be as industrious in cultivating the earth, without the stimulus which commerce affords, as with it; but such is the native indolence of man, that he will not, and it is as idle "to conjecture the consequences of a state of things," which will not, as a state of things "which cannot exist." "It is peopling Plato's Republic, or Moore's Utopia."

The necessaries and comforts of life will not be produced unless wanted for immediate consumption. Commerce carries off the surplus production, whether of the necessaries or comforts of life, and thereby keeps up the motive or stimulus for new and increased production. This it does by furnishing the producers with comforts of life, which they could not otherwise procure.

As has been before observed, agriculture is entitled to pre-eminence over every other employment, because it furnishes the necessaries of life, without which, as life could not be sustained, every other employment would be useless. It may also be entitled to pre-eminence for another reason. There is a vastly greater amount of labour occupied in agriculture, than in any, or all other employments, and it may therefore be said to be more important; but in estimating the comparative advantages of agriculture and commerce, equal quantities of labour should be taken, and when this is done, the scale of importance or value, will be found sometimes to preponderate in favour of one, and sometimes in favour of the other, according to circumstances which are entirely contingent.

The partisans of the mercantile, like the partisans

of every other system of political economy, have built their theory upon false and erroneous principles. They do not rightly estimate the advantages of commerce, nor its influence on national wealth. Their system is founded upon that wretched and abominable doctrine of *accumulation*, which has done more injury to the science of political economy, than all the writings of political economists have done good.

This system has, however, one advantage over all other systems of accumulation. It proposes the accumulation of gold and silver; articles not of a perishable nature. The system does not, therefore, propose an impossibility. The other systems of accumulation, propose to accumulate the "surplus of produce above consumption," or superfluous labour; the one, an impossibility in the nature of things, the other, an absurdity in terms.

Ganilh,* the most modern champion of the mercantile system, states the principles of that system in the following terms:

"The most ancient system, concerning the sources

* In a former chapter, I have called Ganilh, the idolatrous worshipper of Adam Smith. He is so in fact, although he affects to oppose his theory. He adopts all Dr. Smith's crude notions, about the nature of wealth. The identity of national and individual wealth; the importance of the division of labour; the division of stock; the employment of capitals; and, in short, he eulogises Dr. Smith and his principles, in the most extravagant and senseless manner. Ganilh, however, although he has obtained a good deal of celebrity, as a writer on political economy, was not a strong headed man. The science was greater than he could master. His intellectual vision was not strong enough to penetrate the misty veil which had been thrown around it by preceding writers.

of wealth, derives wealth from foreign commerce; *that is to say, from that commerce in which one nation sells more to other nations than it purchases, and is paid for the surplus of its sales over its purchases, in precious metals.* This doctrine was adopted without any limitation, by the authors who first wrote upon political economy, in England, Italy, and France, during the sixteenth, seventeenth, and up to the middle of the eighteenth century; and although it has been strenuously combatted by later writers, it has yet prevailed, and still prevails in the opinion of individuals, nations, and governments: all consider commerce as the true way to grow rich. And by commerce, they all understand the exchange of commodities with foreign nations. An opinion so general, so ancient, so lasting, can neither be ascribed to blind prepossession, nor to vain credulity, nor foolish obstinacy. Time, which has destroyed so many errors, superstitions and inveterate habits, almost coeval with the social state, would not have respected a doctrine contrary to private and public interests. What then has so long protected this doctrine against the outrages of time, the progress of knowledge, and the charm of innovations? Is it not its resting on the authority of facts, on the experience of ages, on every thing that is evident and certain among men? The conjecture is not improbable."*

"The majority of writers supposed that foreign commerce enriches a country, by the plenty of gold and silver which it causes to circulate; and governments, in conformity to this doctrine, endeavoured to

* Ganilh, 52.

retain the precious metals, or to invite them by encouraging national manufactures, by directly or indirectly, prohibiting the produce of foreign industry, or by procuring to the produce of national industry, an easy and even privileged introduction into foreign countries. Such was, and such is still, some few modifications excepted, the system which places the sources of wealth, in foreign commerce, and which, on that account, is called the mercantile system."*

The essence of this theory consists "in a nation's selling more to other nations than it purchases, and being paid for the surplus of its sales, over its purchases, in precious metals," or, in other words, it consists in the balance of trade, being in favour of a nation. This, I say, is the essence of the theory. It is the fundamental principle of writers on the subject; but it is not the fundamental principle of the true mercantile system, or of that system which points out the real advantages of commerce. The theory of writers is one thing—the true nature of the system is quite a different thing. If national wealth had existed only in proportion as theorists had accurately pointed out its nature and causes, there would have been very little national wealth in the world, to this day.

There are two fundamental errors in the prevailing theory of the mercantile system. The first, is the making national wealth to consist in the accumulation of the precious metals, from which it follows, that if the balance of trade is in favour of a nation, it must necessarily increase in wealth; if against it, it must necessarily grow poor, or decline in wealth.

The second error consists in not preserving the

* Ganilh, 52.

unity of a nation; in confounding a nation with the individuals who compose it, and national with individual wealth. In consequence of this error, writers, while professing to reason about national wealth, and national interests, in reality, reason about individual wealth and interests. They reason also from individuals to nations, without making any allowance for the difference of circumstances in which they are placed. An individual, being surrounded by thousands of other individuals, while a nation is, as it were, alone in the world. Place the two in similar circumstances, and then we may safely and correctly reason from one to the other; or, if we would reason from one to the other, it must be so far only as the analogy holds. The balance of trade, or selling more than is purchased, is no criterion whatever, for ascertaining, whether an individual or a nation is increasing in wealth. The balance of trade may be against a nation for a hundred years, or any indefinite period of time, and it may increase in wealth continually; its capacity for acquiring the necessaries and comforts of life, may be much greater at the conclusion than at the commencement of that period. So the balance of trade may be in favour of a nation for a series of years, and its wealth, its capacity for acquiring the necessaries and comforts of life, may continually decrease. And what is still more repugnant to the prevailing theory on this subject is, that the balance of trade is no criterion for ascertaining whether the precious metals are plenty or scarce, or whether the quantity is increasing or not.

Strange as it may appear, yet so it is, that political economists have never yet explained what causes

money to be plenty or scarce. It would seem, from their writings, that they supposed a plentiness of money depended on the quantity in a country; and from the conduct of different governments, it would appear, that this was a very prevalent notion. Such are the monstrous heresies which have been adopted into the science of political economy! Such the absurd principles upon which public affairs have been administered!

It is not pretended as an ordinary rule, that the increasing wealth and prosperity of a nation does not follow a favourable balance of trade, for in old countries where there is no sudden increase of population or improvement, and nations continue to bear about the same relative importance in regard to wealth and power, the balance of trade will, ordinarily, indicate the prosperity of the country; but this is not necessarily the case, and in new countries whose wealth is most rapidly increasing, it is probably never the case.

From the most accurate statistical tables, it will be found, that the balance of trade has been against the United States from their settlement to the present day, and yet no country on earth has so rapidly increased in wealth and power. I mean wealth, in the ordinary acceptation of the term; for whether this nation possesses a greater capacity for acquiring the necessaries and comforts of life, for all its people, now, than it did forty years ago, is quite a different question, from the one, whether the aggregate wealth of all the people be greater now than then, and would require to be settled upon very different principles. I am, however, examining the theory of other per-

sons, and I use terms in the sense in which they use them, when not otherwise explained. My object is to show, that the *balance of trade*, or the selling more than is purchased, is a very fallacious standard for ascertaining the increasing wealth of a nation or even of an individual. If it necessarily augmented the wealth of an individual, it would necessarily augment the wealth of a nation, under the same circumstances.

Does it necessarily follow, that either a nation or an individual who buy more than they sell, grow poor? This may be the case; and with a certain class of individuals it must be the case, but with another class of individuals, and with nations, it is often directly the reverse. A man whose employment is that of exchanging one commodity for another, that is a merchant, who buys more than he sells, or sells for less than cost, must necessarily grow poor; and, if there was a nation whose exclusive employment was commerce; if it bought more than it sold, or sold for less than cost, it would necessarily grow poor also. A merchant cannot imagine how a man or a nation can grow rich, who buys more than he sells. He sees that, however industrious he may be in his own business; however often he may make his exchanges, still if he buys more than he sells, or sells for less than cost, he grows poor, and he hence concludes, that it must be the same with every body else. He does not perceive, or advert to the difference between an employment in exchanging commodities and an employment in producing those commodities by labour. Hence the origin of the doctrine of the balance of trade. It originated with the merchants; but for them it never

would have been heard of. No nation, however, is a merchant, and the principles applicable to a merchant are not necessarily applicable to a nation.

No quantity of labour expended in exchanging commodities can possibly increase their quantity; this labour, it is true, may increase their value, but when we speak of *an unfavourable* balance of trade, this increased value, by transportation, is always included, as well in regard to the individual merchant, as in regard to the nation; so that there is a positive balance against the merchant, in consequence of which *he* grows poor.

But can a farmer buy more than he sells, and still grow rich? Suppose a farmer to own one thousand acres of uncultivated land, and to be free from debt. He sets about improving his land, and builds houses, barns, mills, fences, &c.; and during twenty years has annually run in debt two hundred dollars; or in other words, bought that amount more than he has sold; so that he is in debt four thousand dollars at the end of twenty years. Has he increased in wealth or not? To ascertain this, we have only to estimate the value of the improvements, and the difference between the value of these, and the debt, will show whether he has grown rich or poor, or whether his capacity for acquiring the necessaries and comforts of life, has been augmented or diminished. Or take one of our new states, for instance Ohio, which, in 1800, was in debt little or nothing. Since that period the balance of trade has been against her every year, and at this day she probably owes more money to the other states, than her whole territory would have sold for in 1800; but will it be pretended that Ohio has decreased in wealth, since 1800? That her capa-

city for acquiring the necessaries and comforts of life, is less now than it was then? And suppose the progress of her improvements and expenditure should continue in the same ratio for one hundred years; that is, suppose she should continue to buy more than she sells every year for a century to come, and also that the capacity of her soil and industry, should continue to increase in the same ratio, that they have done for the last twenty years. At the end of the century she might be in debt twenty millions of dollars, but would it follow that her national wealth had not been augmented during that period? Would her capacity for acquiring the necessaries and comforts of life, for all her people, necessarily be less then, than now?

A merchant then, or one who relies upon the profit arising from the exchange of one commodity for another, for his increase of wealth, must sell more than he buys, in order to grow rich; that is, he must sell more *value* than he buys, for he cannot sell more commodities: and whenever there shall exist a nation whose wealth shall be derived, entirely or principally, from the profits arising from the exchange of commodities, the principle which governs the merchant, will also apply to the nation, and it must sell more than it buys, or it will not increase in wealth.

But as a farmer may grow rich although he buys more than he sells, so may a nation, whose wealth is principally derived from labour employed in agriculture and manufactures. This may be the case, both in regard to that definition of national wealth which makes it to consist of the aggregate of individual wealth, and to that definition, which makes it to consist in a capacity for acquiring the necessaries and

comforts of life. If the capacity be augmented in a greater proportion than the debt, national wealth will also be augmented.

The science of political economy has been greatly perplexed and embarrassed with the idle discussion about the *balance of trade;* and the whole difficulty of ascertaining its influence on national wealth, has arisen, from this counting-house method of ascertaining the profit or loss on the exchange of commodities, by striking a balance, which is about as applicable to the science of political arithmetic, as it would be to measuring land.

That merchants should be misled by such a fallacy, and that they should not be able to comprehend any other mode of ascertaining the increase of wealth, or in their language, the profit and loss, is not surprising; but that political philosophers, and grave politicians, should have adopted such a system of political arithmetic, shows that the wisest men have a much stronger propensity to adopt theories suggested by others, than to investigate the grounds of those theories. Lord Bacon did not so teach men to philosophize.

It is not, however, to be inferred, that the balance of trade, is a thing of no importance to national wealth, but only that it is a thing of very little importance, and by no means a criterion for ascertaining whether national wealth is increasing or declining.

When we talk about national wealth and the balance of trade, we talk about two things that have no necessary connexion with each other, and we cannot, therefore, reason with any certainty from one to the other. When we talk about an increase of popula-

tion and an increase of food, or about population and food, we talk about two subjects, which are so necessarily connected, that one cannot, and the other will not exist without the other, and, therefore, we may correctly reason from one to the other;—if a fact be established in regard to one, that fact may and ordinarily must have an influence on the other. If the quantity of food is annually augmented, population will increase, if diminished, population must diminish also.

But if it be established that the balance of trade is against a nation, it does not follow, that its wealth has not increased, for the plainest reason in the world, because national wealth does not depend on trade, but upon industry.

If wealth depended on commerce, then a destruction of commerce would be the destruction of wealth; but as national wealth depends on national industry, so long as that continues to increase, national wealth will increase, let the balance of trade be on which side it will.

The balance of trade will have an influence on the wealth of a nation, according to the doctrine of *accumulation*, precisely in the proportion, that the profits of trade bear to the gross amount of the annual product of industry. If the annual product of industry be a hundred millions, and there should be a balance of trade against the nation of one million, that would effect national wealth, as one to a hundred, precisely as if a man were to carry on farming and merchandizing at the same time, and by his farm should make one thousand dollars, and by his merchandize should lose a hundred dollars, his wealth

would still be increased nine hundred dollars. In order, however, to do this, it would not be necessary for him, to sell more than he should buy, for by improving his farm, and increasing its fertility, he will as effectually increase his capacity for acquiring the necessaries and comforts of life, as by hoarding up money.

Upon the same principle a nation may buy more than it sells, and still increase in wealth, or it may sell more than it buys, and at the same time grow poor. It is a thing of every day's observation, that an individual sells more than he buys, and yet grows poor. If from laziness, or bad husbandry, his farm goes every year to wreck—his fences decay—his ditches fill up—bushes overrun his farm, and his houses get out of repair; it is very plain, that a farmer may sell more than he buys for twenty years in succession, and have less capacity for acquiring the necessaries and comforts of life at the end, than at the beginning of the twenty years.

So with a nation. If industry declines, and agriculture goes to decay, it may sell more than it buys for any indefinite period of time, and its wealth constantly be on the decline. The station occupied by a nation in a community of nations, is similar to that occupied by an individual in a community of individuals; and the principles which govern the one are applicable to the other. But the intercourse between nations is incomparably less than the intercourse between individuals—their trade is of far less comparative importance. Individuals often get rich by mere trafic in a short time. But all the profits, that is all the balances of trade, made by all the traffic, among

all the nations in the world, in the last century, would not make a nation rich. The item, *foreign trade*, is an article of very small consideration in the account of a nation's wealth; it is, nevertheless, very essential to a nation's prosperity, not on account of the balance of trade, for that is its least important feature, but on account of the stimulus it affords to national industry. This stimulus is, however, independent of the balance of trade. Like a spoke in the wheel of a carriage, which is of little value in comparison to the whole carriage, although it is indispensable to the safety and utility of the carriage itself.

Although the later writers on political economy, particularly Adam Smith, have abandoned the *balance of trade*, as a criterion for ascertaining the condition of a nation's prosperity, yet they have not done this, so much from a conviction that the criterion was in its nature a fallacious one, as from a conviction that it was impracticable to ascertain the true state of the balance. "There is," says Dr. Smith, "no certain criterion by which we can determine on which side, what is called the balance between two countries lies, or which of them exports to the greatest value."* And then he shows very clearly, that neither the custom house books, nor the *course of exchange* will enable us to determine, whether the balance be in favour of, or against a nation; all the while taking it for granted, that if the true state of the balance could be ascertained, it would indicate the increasing or decreasing wealth of the nation. All this is very correct, if it be admitted, that national

* Wealth of Nations, book iv. chap. 3.

wealth consists in the accumulation of the precious metals.

But although Dr. Smith's notions respecting the balance of trade were, according to the theory of accumulation, sound, yet from the obscurity which pervades his writings, and the ill chosen examples he gives to illustrate his principles, it is manifest he did not well understand the subject. He had bewildered himself by confounding national with individual wealth, and a national with an individual balance of trade. "If," says Dr. Smith, "the tobacco, which in England, is worth only a hundred thousand pounds, when sent to France, will purchase wine, which is in England worth a hundred and ten thousand pounds, the exchange will augment the capital of England by ten thousand pounds. If a hundred thousand pounds of English gold, in the same manner, purchase French wine, which in England is worth a hundred and ten thousand, this exchange will equally augment the capital of England by ten thousand pounds. As a merchant, who has a hundred and ten thousand pounds worth of wine in his cellar, is a richer man, than he who has only a hundred thousand pounds worth of tobacco in his warehouse, so is he likewise a richer man, than he who has only a hundred thousand pounds worth of gold in his coffers. He can put into motion a greater quantity of industry, and give revenue, maintainance, and employment to a greater number of people, than either of the other two. But the capital of the country is equal to the capital of all its different inhabitants, and the quantity of industry, which can be annually maintained in it, is equal to what all those different capitals can maintain. Both

the capital of the country, therefore, and the quantity of industry, which can be annually maintained in it, must generally be augmented by this exchange."*

Dr. Smith uses the word *capital* here as synonymous with *wealth*, or *property*, for he could have used it in no other sense, without making his proposition an absurdity in its very terms. By augmenting the capital of England, must be meant an augmentation of the *value* of the national wealth, or property of England.

An English merchant then, sells tobacco in France for a hundred thousand pounds, and invests the proceeds of his tobacco in French wine, which he imports into England, and sells for a hundred and ten thousand pounds; and by this exchange augments his own fortune ten thousand pounds, and, therefore, Dr. Smith concludes that the wealth, property, or capital of the nation is also augmented ten thousand pounds. But I say, on the contrary, that so far as national wealth, property, or capital is concerned, it is altogether immaterial, at what price the wine sells in England, and there is no means of ascertaining what it is worth, except by what it will sell for.

The profits of the merchant are, it is true, ten thousand pounds on the exchange, and if the profits of the merchant, and the gain of the nation, are identical, then the gain of the nation is ten thousand pounds also; but if the wine is to be consumed by the nation, which Dr. Smith's proposition supposes, it is difficult to imagine how the nation gains any thing by paying the merchant, who is a constituent part of the nation.

* Wealth of Nations, book iv. chap. 3.

a profit of ten thousand pounds. If this reasoning is solid, then if the nation was to pay the merchant a hundred, instead of ten thousand pounds profit, its wealth would be increased tenfold more.

The price of the wine in France, is a thing of importance to the nation, because that will affect the quantity which the tobacco, or the gold, will exchange for, but the profits of the importer, cannot affect the wealth of the nation. Had the importer been able to sell his wine for only ten, instead of a hundred and ten thousand pounds, it would have been just the same thing to the nation. Neither the quantity, nor the quality of the wine, will be affected by the price in England. It might as well be pretended, that the aggregate wealth of the nation, that is, of all the individuals of the nation, would be augmented by taking property from one, and giving it to another, as that it can be affected by the profit or loss of the importer of goods for consumption. Such are the absurdities into which wise men are led, by confounding a nation with the individuals who compose it, and national with individual wealth.

But suppose England to have tobacco of foreign growth, which has cost her a hundred thousand pounds, which she, that is, her merchants, export to France, and there sell for a hundred and ten thousand pounds, which is re-invested in wine, and imported into England, and sold for a hundred and twenty thousand pounds: what has England gained by these exchanges? The merchants have gained twenty thousand pounds, and therefore, Dr. Smith would say, the nation had gained that sum. But I say, it

has gained no such thing, and that no man can tell what it has gained.

In the first place, it may be observed, that so far as national wealth is concerned, it is a matter of perfect indifference, whether the wine sells in England for a thousand, or for a hundred and twenty thousand pounds; and the gain of the nation, on the exchange of the tobacco for the wine, is merely the difference between the pleasure or comfort of chewing and smoking the tobacco, and of drinking the wine. Before this difference can be ascertained, a new system of political arithmetic must be invented.

There is a clear and manifest distinction between a nation, and the individuals composing it; there is also as plain and manifest a distinction between national and individual wealth, and national and individual profit, and no man will ever write intelligibly upon the science of political economy, who does not preserve this distinction.

Dr. Smith was also led astray on this subject, by the misapplication of the word *worth*, which he uses in the above extract, as synonymous with value.—The word value, as has been previously shown, applies only to exchanges of one commodity for another. It cannot properly be applied to either the necessaries or comforts of life, which are for consumption, and not for exchange. If a man applies the word value to a pint of wine he is about to drink, he applies it altogether in a figurative sense, for its value can only be estimated by the enjoyment or pleasure of drinking it, and neither enjoyment or pleasure, are the subjects of value, because they cannot be exchanged.

More injury has been done to the science of political economy, by the injudicious use, and misapplication of terms, than by all the absurd theories that were ever written on the subject, and we may be very sure, that very little proficiency will be made in the science until there shall be precision in the use of terms. What proficiency would ever have been made in the science of geometry, had mathematicians used the words circle, square, and triangle. as synonymous? But there are doctors who call political economy a science, and write elaborate treatises upon it, and yet use words with as little precision, and make synonymes of words of as distinct meaning as *circle*, *square*, and *triangle*.

CAPITAL, STOCK, and BALANCE, are technical words, and have a precise meaning, when properly used.—Political economists, however, pay no regard to their technical meaning, if they even know it, but they perpetually use them as synonymous with words to which they bear not even the slightest analogy. They use the word *capital*, as synonymous with property and wealth; and the word *stock*, as synonymous with goods, chattels, and money; and the word *balance*, they constantly apply to subjects to which it cannot be applied. Hence, the ambiguity of their writings, and the obscurity which pervades the science of political economy.

The three words, *capital*, *stock*, and *balance*, came from the counting-room of the merchant, and have there a precise technical meaning, and no where else, except among gamblers, stock jobbers, and brokers. They have, however, been introduced into the science of political economy, without any regard to their original meaning, and without explaining in what sense

they are used. These words, unexplained, convey no meaning whatever, either to farmers or manufacturers. The word capital, conveys a very different idea to a merchant, from what the words wealth and property do to a farmer, nor is there any word, in the nomenclature of an agriculturist, or a manufacturer, with which the word *capital* is synonymous; and the reason is, because their occupations require no such word. The word *vehicle*, or *cart*, as used by a farmer, is much nearer synonymous with the word *capital*, as used by a merchant, than the words *wealth*, or *property*.

CAPITAL,* means *a quantity of money, which enables a merchant to exchange one commodity for another.*

STOCK, means *a quantity of goods, which a merchant has purchased with his capital, for the purpose of exchanging them.*

BALANCE, means *the difference between capitals, after one or more exchanges.*

A merchant commences business with one thousand pounds, in money. This is his *capital.* He invests the one thousand pounds in sugar. The sugar is not money, and it is therefore necessary to have a new term, and he calls the sugar *stock*, which is a generic term, and includes every kind of goods intended for exchange. The sugar is sold for money. The difference between the capital, that is, the invoice price of the sugar, and the sum of money, for which it has

* In some of the preceding chapters, I have frequently used the word *capital*, in the same sense in which Dr. Smith, and other writers have been in the habit of using it. To have used it otherwise, before its meaning was explained, would have been improper.

been sold, shows the profit or loss, which the merchant calls a *balance.*

But suppose the sugar is exchanged for tobacco.—This tobacco is not capital, but stock, nor can there be any balance struck between the sugar and the tobacco. The word *balance,* refers to the capital, and shows the profit or loss; or the difference between capitals, after one or more exchanges, or its augmentation or diminution. The word balance, cannot express the difference between stock and stock, nor between stock and capital. You cannot weigh stock against stock, nor stock against capital, but only money against money, that is, capital against capital.—The difference between the weight of capital, at different periods, or after one or more exchanges, shows the profit or loss. If, after a hundred exchanges, the capital weighs less than before any exchanges were made, then there has been a loss; if more, a profit.

But, suppose a merchant commences business with stock, and not with capital, or money. He commences with a thousand hogsheads of sugar. Does this alter the case? not in the least. If he sells his sugar for money, that is his capital. If he exchanges his sugar for tobacco, his tobacco for cotton, his cotton for wheat, his wheat for wine, his wine for dry goods, his dry goods for flour, and winds up his business with his flour on hand, no balance can ever be struck, because weighing the flour against the sugar will not ascertain the profit or loss. So, if he winds up his business with ten thousand acres of land on hand, no balance can ever be struck, because land cannot be weighed against sugar. So, if a merchant winds up his business with ever so small a quantity

of stock on hand, no balance can ever be struck. If he commences business with ten thousand dollars, and winds up with twenty thousand, and a counting-house desk, or a bunch of quills, no balance can ever be struck; for although ten thousand dollars may be weighed against twenty thousand, yet it cannot against twenty thousand, and a counting-house desk, or a bunch of quills.

A merchant who commences, or ends his business with stock, can never know by striking a balance what he has gained or lost. And, therefore it is, that all merchants, either in fact or theory, commence and wind up their business with capital, that is money. If he commences with stock, he values it at so much money or capital, and so enters it in his books. If he winds up with stock on hand, he values it at so much money. Having done this, he weighs metaphorically speaking, the capital with which he commenced, against the capital with which he winds up his business, and the balance shows the profit or loss; or, in plainer language, he performs a sum in subtraction, which ascertains the balance.

The words capital, stock, and balance have, therefore, a precise technical meaning—they are terms of art, and can never be used in any other art, unless there are equivalent expressions in that other art, by which they can be explained. The terms of art in physic cannot be used in law, nor the terms of art in law be used in physic, because there are no equivalent expressions in one art, by which to explain the terms of the other art.

When the words capital, stock, and balance are used in political economy, their technical meaning

should be preserved, or if not, the sense in which they are used should be explained. But this is never done. In our treatises on political economy, these words have any other than their true meaning, and out of the abuse of these terms has grown a great portion of the disputes about the sources and causes of national wealth. In the "Wealth of Nations" the word capital means stock, wealth, property, both real and personal, industry, and every thing else, that has a value. Stock means, as well produce, or goods in the possession of the farmer, or manufacturer, as goods in the possession of the merchant for exchange. Balance means the difference between money and money, money and land, money and stock, stock and stock, stock and wealth. Hence the ambiguity and obscurity which pervades this celebrated work. Hence the arbitrary, unintelligible and unmeaning division of stock, which Dr. Smith has endeavoured to establish. Stock is a genus, and can only be divided into species. Tobacco, sugar, wheat, &c. are all stock, provided they have been bought for the purpose of being sold or exchanged, but not otherwise. Machinery is not stock, nor is stock either fixed or circulating capital, any more than land is gold.—Hence also the arbitrary theory about the different employment of capitals, as though capitals could be employed in any other way, than in exchanging commodities.

The word capital, or one of similar import is indispensable to the merchant. The business of exchange requires it. But has the farmer, or the manufacturer any occasion for such a term of art? Or have

they in fact any such term. Have they in their nomenclature any word synonymous with capital?

The farmer commences the business of agriculture on one thousand acres of land. What difference is it to him, whether it is estimated at ten, or at a hundred dollars an acre? It is for use, and not for sale or exchange. And the value of it is therefore immaterial. He puts upon it horses, cattle, and sheep. Has he any occasion to know, or put down the value of these in money, with a view to striking a *balance* at some future day? He carries on his business twenty years, and in that time adds another thousand acres to his farm. Has he any occasion to strike a balance, to ascertain how much his wealth has increased, or what profit he has made? Does he ever do such a thing? He knows very well without the aid of a balance, that he has twice as much land now, as when he commenced business, and that he can raise three times as much corn, wheat, and tobacco, for he has improved his old farm; and he knows probably, that his wealth, that is his capacity for acquiring the necessaries and comforts of life, is four times as great now, as twenty years ago; but in order to know this, he has no occasion for the word capital, or any synonymous word. He has no occasion to know, and nine times in ten, he does not know, that stock means any thing but cattle, horses, and sheep; nor has he the least occasion in the world, either actually or metaphorically, to weigh his one thousand acres of land, cattle, horses, and sheep, against his two thousand acres of land, stock and improvements. And the manufacturer has just as little occasion for these words as the farmer.

The manufacturer commences business upon a small

piece of land, upon which there is a fall of water. He knows it is worth something, but he has no occasion for the word capital, in order to estimate or express its value. He may as well call it property, and value it at whatever price he pleases. Nor does he even know the meaning of the word capital, unless he has learnt its meaning in some other book, besides the "Wealth of Nations." He may use the word, as Dr. Smith uses it, without knowing its meaning, but if he does, it will be from ignorance or affectation.

The manufacturer sets up a mill and machinery upon this waterfall, but these are no more stock in the mercantile sense of the word, than they are oxen and horses. They are property, and may constitute wealth, but they are not *stock*, according to its true meaning. In the course of twenty years these small beginnings are increased to an extensive establishment, but there is no occasion to weigh the millseat against the improvements on it, in order to ascertain how much the owner has augmented his wealth, nor is there any possible mode by which this can be done, so as to strike a balance. He may guess the millseat was worth one thousand dollars twenty years ago, and he may guess it is worth twenty thousand now, but guessing is not weighing, nor the result of guessing, a balance. He may sell the mill for twenty thousand dollars, but this only furnishes a weight for one scale, and in order to weigh, there must be something in the other scale also: but if the waterfall was put into the scale, the twenty thousand dollars would kick the beam, and by the merchant's rule, there would be a loss instead of a profit. If the manufac-

turer buys cotton, and makes it into stuff, and sells it, it may become necessary for him to use the merchant's tools and terms of art, in order to know whether he can live by this business. By this operation he has *pro tanto* become a merchant, that is an exchanger of one commodity for another. The money with which he buys his cotton, is capital—the cotton when bought, and the goods when manufactured, are stock, and the money for which the goods sell, is capital also, and then he has occasion for the merchant's scales, in order to weigh those capitals, that he may know whether he has lost or gained.

Thus far then he is a merchant, and has occasion for the merchant's tools and terms of art, but as a manufacturer he has no more use for the term capital, or stock, nor for the scales, than a blacksmith, who makes the farmer's iron into a ploughshare, has to know the cost of the iron. Should the blacksmith buy iron, and make ploughshares to sell to the farmer, then would he *pro tanto* become a merchant, and would have occasion to know the price of the iron, and have a name for that, with which he buys it, in order to strike a balance.

So the political economist has occasion to know the meaning of the words *capital, stock, and balance,* because the science of which he treats includes the occupation of the merchant as well as that of the farmer and manufacturer; but he should be extremely careful to use these words in their true and technical meaning, and confine them to the occupation of that class of the nation to whom they apply, and not talk of capital, when treating of agriculture, nor of stock and balances, when discoursing with country gentlemen.

When a political economist calls land *capital*, or money *stock*, or talks about a *fixed* capital, or a *balance* between stock and stock, or stock and capital, he does not understand the meaning of the terms he uses, and talks nonsense. Hence the absurdity and folly of attempting to strike a balance in estimating national wealth.

It is very natural for merchants, when they turn politicians, to use their own tools and terms of art, and to talk about *capitals*, *stocks*, and *balances*, but it is the business of a political philosopher not to be misled by these misapplications of terms, nor to misapply them himself. When treating of commerce let him use the terms appropriate to it; let him use all the terms of art in their proper place, belonging to the vocation; but when he treats of agriculture and manufactures, let him throw aside the terms exclusively belonging to trade or exchange, and use only such as are applicable to the subject matter of which he is treating; and when treating of national wealth in gross, let him not use terms applicable to only a part of the nation, and wholly irrelevant and unmeaning, when applied to the whole nation.

Most of the disputes respecting the balance of trade and its importance in regard to national wealth have arisen from not understanding and properly applying these mercantile phrases, or technical terms. Had political economists understood the meaning of the words capital, stock, and balance, as used by merchants, they would very easily have solved all those perplexing questions, which have so long withstood the "solitary and combined efforts of the most distinguished writers in Europe," on the subject of

national wealth. Let these words be applied to foreign trade in their true technical sense, and we can very soon ascertain the importance of the balance of trade to national wealth. In order to do this, however, we must keep in mind the distinction between national and individual profits or balances. We must bear in mind that a nation is a UNITY, and totally distinct from the individuals who compose it. The most eminent writers have fallen into the grossest absurdities, in consequence of not attending to this distinction, or by confounding national with individual gains. If an individual augments his wealth by foreign trade, it is taken for granted that the nation has done so too. Nothing can, however, as a general rule, be more absurd, or more false.

An individual gain or balance of trade is one thing—a national gain or balance another, and quite a different thing; so different are they, that they cannot arise always from the same kind of trade. An individual may augment his wealth by domestic trade; a nation cannot, or rather there can be no balance in favour of a nation arising from domestic trade. If a merchant purchases a thousand hogsheads of sugar in New-Orleans and sells them in New-York for two thousand dollars profit, he augments his wealth to that amount, or there is a balance of trade in his favour of two thousand dollars; but the nation has gained nothing by this exchange; there was as much money and sugar in the country belonging to the nation before the transaction, as after. The trade may be very beneficial to the nation, but there can no favourable balance of trade arise from it.

But suppose a merchant of Baltimore purchases a

thousand hogsheads of tobacco, and ships them to Holland, and sells them for a profit of ten thousand dollars; here is a balance of trade in favour of the merchant, and also thus far in favour of the nation, but how much? We know precisely how much the merchant has gained by it, but how can it be ascertained how much the nation has gained?

The merchant weighs the costs and charges against the account sales, and the difference is the amount of his gain; but does this show what the nation has gained? Suppose the tobacco had cost the merchant here, a hundred thousand dollars, and he had sold it in Holland for ninety thousand dollars. In that case there would have been a balance against the merchant of ten thousand dollars, but would there have been a balance against the nation of that sum? So far from it, there would have been a balance in favour of the nation of ninety thousand dollars. The balance in favour of the nation is all the commodity sells for, be it more or less.

When the commodity exported, is the product of national industry, there can never be a balance against the nation, provided it sells for enough to pay the costs of transportation. If the commodity in the foreign market brings the nation in debt, or if it be necessary to send other commodities, or gold and silver, to pay the costs of transportation, and port duties, then the balance is against the nation, but not otherwise. Nor can the costs of transportation and freight create an unfavourable balance to the nation, unless it was transported by foreign nations. If transported in domestic bottoms, navigated by native seamen, this charge is not at the expense of the

nation, or rather it cannot affect the balance of trade.

If a farmer raises one thousand bushels of wheat, and sells it for a cent a bushel, there is no balance against him, provided he did it all with his own labour, for between labour and money no balance can be struck. A balance is only the difference between capitals, and labour is not capital. But if the farmer pays his neighbour twenty dollars, for carrying his wheat to market, and sells it for only ten dollars, then on striking a balance, it will be found against him ten dollars. An export trade then, may be ruinous to the merchant but profitable to the nation.

We have thus far proceeded upon the supposition, that the nation, which includes the merchant, who shipped the tobacco, either stands credited in Holland with ninety thousand dollars, the price for which the tobacco sold, or the price has been received in money, which has been brought into the country; in either which case, the balance is in favour of the nation ninety thousand dollars, although the merchant has lost ten thousand.

But let us first proceed with the supposition, that the balance is in favour of the merchant, as well as the nation, and that the tobacco, which cost the merchant a hundred thousand dollars here, sells for a hundred and ten thousand in Holland. Suppose then, the merchant vests the whole proceeds of the tobacco in either the necessaries or comforts of life, I care not which, but say in sugar, and imports it into Baltimore, for sale and consumption. Now, I care not at what price the sugar sells in this country, whether for more or less than it cost in Holland; let the merchant's

profit or loss be what it may, there never can be shown to be a balance either in favour, or against the nation, for the plainest reason in the world, because stock cannot be weighed against stock, or one commodity against another. The tobacco was stock, and the sugar is stock, and the one cannot be weighed against the other, by any known system of political arithmetic.

The merchant may ascertain his gain or loss, because he began and ended with capital, but the nation began and ended with stock. If the sugar sells for a profit of ten thousand dollars, on its cost in Holland, then the merchant has gained ten thousand dollars on his tobacco, and ten thousand on his sugar; but what has the nation gained? not one cent in money; nor can any political economist tell what it has gained, unless he can tell the difference between the comfort and pleasure of eating the sugar, and chewing and smoking the tobacco.

But perhaps the tobacco would have perished, had it not been exported, and would neither have been chewed or smoked by the nation. Then the nation has gained all the pleasure of eating the sugar, which it may, if it please, estimate at half a million of dollars; and the pleasure of eating the sugar, may stimulate the good people of the United States, to raise twice as much tobacco next year.

But suppose the merchant invests the proceeds of his tobacco in laces, muslins, shawls, trinkets, and toys, which he sells in this country, for ten thousand dollars profit. His balance is now the same as before; but how is it with the nation? the same as before also—it is nothing at all; for these things can, no more

than sugar, be weighed against tobacco. What then is the difference? Most likely, in favour of the last supposed importation. The gay and giddy ones, will probably derive more gratification from wearing and displaying these trinkets and toys, than from eating the sugar.

But, suppose the balance in the merchant's pocket, the other way, and that he sells his tobacco for ten thousand dollars less than cost, and vests the proceeds in the same articles as before, and imports them into this country, and sells them also for less than cost, so that the merchant loses by both exchanges, how stands the balance with the nation? Precisely as it did before. There is no balance, either in favour of, or against it, for tobacco sold by the merchant at a loss, can no more be weighed against sugar and toys, than when sold at a profit. In consequence of the tobacco not selling for so much in Holland, the quantity of sugar and toys it will buy, is less, and consequently, the quantity of gratification to the nation, in eating the sugar, and wearing and displaying the toys, will also be less; but national wealth is precisely what it was before, unless, peradventure, in consequence of having less sugar to eat, and toys to wear, the good people may not feel so strong a stimulus, to raise tobacco next year, and therefore, there may not be so much industry in the nation. A balance of trade may, therefore, be against the merchant, and in favour of the nation, or in favour of the merchant, without being in favour of the nation.

There are but two cases in which a balance can be ascertained to be in favour of the nation, or against it. The one is, where the produce of national industry,

whether of raw materials, or manufactures, is sold to foreign nations for money. In this case, the balance must always be in favour of the nation, unless the produce has been transported by foreign nations, and does not sell for enough to pay the expenses of transportation.

The other is, when one nation, (that is, its citizens,) is engaged in buying commodities of one nation, and selling them to another. Strictly speaking, this is the only case in which a nation can be considered in the light of a merchant, or, as carrying on foreign trade. The exportation of its own produce, no more makes a nation a merchant, than a farmer or manufacturer carrying the produce of their labour to market, makes them merchants. A merchant, is one employed in exchanging one commodity for another. If he bestows any labour upon the commodity which changes its nature, or its value, he is, *pro tanto,* something else besides a merchant. A man engaged in the carrying trade, is no more a merchant, although usually so called, than the owner of a wagon, employed in transporting goods from Baltimore to Pittsburg, or the farmer's wheat and tobacco to market.

A nation then, that merely carries the produce of its own labour to market, is not, strictly speaking, engaged in foreign trade; or in other words, is not a merchant, and has no occasion whatever, for the merchant's terms of art, or to know the meaning of the words *capital, stock,* and *balance.* It has, in reality, no capital, or stock, nor does it ever strike a *balance.* But when employed in buying goods of one nation, and selling them to another, it becomes, *pro tanto,* a merchant, and has use for the merchant's terms of art.

So far as a nation is thus employed, the difference between its capital, at different periods, will show its profit or loss, precisely as in the case of an individual merchant.

What an insignificant thing is the balance of trade, when rightly understood! and yet it has been made the basis of many a voluminous treatise on political economy, and is, in reality, the philosopher's stone, after which all the governments in christendom have been hunting, for the last four or five centuries.

So far as national wealth depends on the mere balance of trade, its being in favour of, or against the nation, can never produce any perceptible effect. All the wealth that a nation can derive, from a favourable balance of trade, in comparison to that which it derives from its agricultural and manufacturing labour, would be but a drop in the bucket. The mere balance of trade, would not furnish a nation with salt for one meal of victuals in a year.

The advantage which a nation derives from its intercourse and commerce with other nations, is no doubt very great, but this advantage is altogether independent of, and of quite a different character, from the balance of trade. Commerce performs the same function in the body-politic, that the *gastric-juice* does in the natural body. It promotes consumption; it carries off the surplus of production, and prevents accumulation; it produces precisely the opposite effect from that which our sage political economists would, according to their theories, have it produce.

But suppose it was possible for the dreams and theories of our political economists, to be realized; suppose, by some political manœuvre, it was possible

to augment the favourable balance of trade to any indefinite extent. Would national wealth and prosperity be thereby promoted? Would it be better for a nation to receive gold and silver in exchange for its exports, than to receive toys, trinkets, gew gaws, and sweet-meats?

Such a course of trade would cause an accumulation of gold and silver in the nation. It might increase the quantity of circulating medium, although that would not necessarily make money plenty.

Political economists have been just as much in the dark on the subject of money, as upon any other subject relating to the science. There have been volumes written upon the subject, and every successive volume has enveloped it in greater obscurity. Governments have supposed, that the precious metals constituted national wealth, and they have oppressed the people, and cramped industry to no other purpose, but to increase the thickness of this shadow, for money is but the shadow of national wealth. It seems even to this day to be a prevalent opinion with the best informed statesmen and politicians, that the plentiness or scarcity of money depends on the quantity in the country. But this is a most erroneous opinion. One half of the people in the country might have their cellars full of gold or silver, and still money be scarce, or at any rate much more scarce than it might be, if each man had only a fiftieth part of the quantity.

It is not the quantity of money in a nation, that makes money plenty, but the rapidity with which it circulates. In other words, it is not the mere existence of money which makes it plenty, but the *use* that is

made of it. To infer that money is plenty, because there is a great quantity in the nation, is about as absurd, as to infer, that because our forests contain timber enough for a thousand ships of the line, therefore, we have a thousand ships of the line. Plentiness of money is the mere effect of activity of business: or, perhaps, more properly, a plentiness of money produced by any other cause than activity of business is of no use to a nation. To suppose that during a period of stagnation in business, national distress can be in any measure relieved by augmenting the quantity of money, is quite as absurd, as to suppose, that a prostration of human strength and power by disease, is always to be restored by augmenting the quantity of food upon the stomach. When business is brisk, money is always, in all nations, plenty; and in proportion as business is dull, money is always scarce.

Of what use is a greater quantity of money, than is necessary to carry on and facilitate the exchange of commodities? Money is a very essential thing to national prosperity and wealth, and so are yardsticks, fifty-sixes, and other weights, but neither the one nor the other do, of themselves, constitute national wealth. There would be just as much wisdom in expecting to augment national wealth by multiplying yardsticks and fifty-sixes, as in expecting to augment it, by accumulating gold and silver. If there were fewer yardsticks and weights in the country, than were necessary for the convenient dispatch of business, national wealth would be promoted by increasing the number, up to the wants of the nation, but not beyond. So, if there was less gold and silver in the country, than was necessary for the convenient dis-

patch of business, national wealth would be promoted by increasing the quantity, until it equalled the necessities of the nation, but not beyond. The only difference is, that gold and silver are more difficult to be acquired, and consequently of more value, than yard sticks, and fifty-sixes. But a difference in value does not make a difference in principle.

It is just as impossible to ascertain how much money is necesary to supply the circulation of a country, or to carry on its domestic trade, as it is to ascertain how many yardsticks and weights are necessary; and just as unnecessary for the government to give itself any trouble in supplying the one as the other. Individuals can and will, just as effectually supply themselves with one as with the other. All a government has to do, is to fix the standard of each. Not the standard value, but the standard, weight, fineness and length.

If a nation were to turn miser, and hoard up gold and silver for ages, it could never live without labour, and for a nation in one age to set about accumulating gold and silver for its own use, in a future age, is about as ridiculous an expedient for promoting its wealth, as can well be imagined. It is far more wise and prudent upon every principle of economy, morality, and expediency, to exchange the surplus produce of its own industry, for baubles, trinkets, and sweatmeats, and let its citizens enjoy the idle gratification of wearing and eating them, than to exchange it for gold and silver to be hoarded up.

The law is, "that man shall eat bread in the sweat of his face," and although some few individuals

may be successful in casting the burden of labour from their own shoulders, upon those of their neighbours, yet it is utterly impossible for a nation to do this. An *accumulation* of gold and silver, although not so impracticable as an *accumulation* of the "surplus of production above consumption," is, nevertheless, quite as useless, and if its object be to relieve the nation from the necessity of labour, will be quite as ineffectual. As labour is the sole cause of national wealth, the only means of promoting it is by augmenting the quantity of labour.

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## CHAPTER X.

### *Unproductive Occupations.*

LABOUR, according to the definition which I have taken the liberty of giving it, is a word of much more extensive meaning, than political economists have hitherto allowed, or perhaps, more properly, a word of one simple uniform meaning, and not liable to those subdivisions, which have hitherto been made.

It is in vain to look for a definition of labour in the writings of political economists, for they are not in the habit of giving definitions of any of their terms. The most they do, is to give descriptions, and leave their readers to infer the meaning from the manner in which the words are used.

They do not tell us what labour is, but tell us, there are two kinds, productive and unproductive;

and then enter into a contest, about the division; one party maintaining that this labour is productive, another, that it is unproductive; and strange to tell, they attempt to ascertain whether the labour is productive or not, by the effect it produces, as if there could be an *effect* of an unproductive *cause*. One tells us that manufacturing labour is unproductive, and at the same time, attempts to show this, by the effect produced. Another tells us that the labour of menial servants, legislators, judges, teachers of the sciences, physicians, lawyers, clergymen, poets, painters, musicians, &c. is unproductive, not because the labour does not produce its intended effect, nor because it is not useful to society, but because it does not produce corn or cloth.

I say, on the contrary, that all labour is productive, which causes any of the necessaries or comforts of life; nor do I restrict the necessaries and comforts of life to food and cloathing; but extend the meaning of the words so as to include every thing which is useful to man, as a member of civil society, or which contributes to his innocent enjoyment and happiness. To call the highest exertion of intellectual power, for the promotion of human happiness, unproductive labour, is a gross abuse of language, and an unpardonable degradation of the benefactors of mankind. We are gravely told that a man who wields the spade, or throws the shuttle, is a productive labourer, while Bacon, Newton and Washington, were unproductive labourers.*

There may, it is true, be unproductive labour, but

* Vide Wealth of Nations, book 2. chap. iii.

this is not because the labour itself, possesses the quality of unproductiveness, but because the intended effect is not produced. All the labour which has hitherto been employed in endeavouring to discover a perpetual motion, has been unproductive, and so has been all the labour employed in the science of alchymy.

But although there is no such thing as unproductive labour in itself, yet there is such a thing, unfortunately, as *unproductive occupations.*

An unproductive occupation, or employment is one, *the object of which, is not to produce* any of the necessaries and comforts of life—one which is either wholly useless or injurious to society.*

This definition, it is true, is rather negative than positive, but an unproductive occupation is, in part at least, negative. If it be defined an occupation which is injurious to society, it would not include all the classes of people, not engaged in productive occupations. There are many occupations which are useless to society, although not positively injurious. They are, therefore, unproductive. There are other occupations also, which are in themselves useful and productive, but which are often abused, by those employed in them, and thus far rendered either useless or injurious, and, therefore, unproductive. There are other occupations which are positively injurious to society, and, therefore, unproductive.

* The verbs *to produce* and to *procure*, are of different import. The object of a gambler is to *procure* the necessaries and comforts of life, by his labour; but not to *produce* them. The labour of a highway robber may procure the necessaries and comforts of life, although it does not produce them.

It is impossible to class the different occupations according to the above distinctions, and say this is a productive and that an unproductive occupation, because different people have different notions of what is useful, innocent and moral. This difficulty of classification, however, does not arise from the imperfection of the definitions and distinctions, but from the diversity of opinion as to the character of certain actions.

Every man, whose labour produces an innocent enjoyment, is engaged in a productive occupation. But whether the labour of a stage-player produces an innocent enjoyment, is a question, about which men always have, and probably always will, differ, and every man must set down the occupation of the stage-player, as productive or unproductive, according to his notions of the moral character of the occupation.

The occupations of the poet, the painter, and musician are productive, because their labour produces innocent enjoyment, but if perverted, and employed in disseminating immorality, vice or lewdness, they become unproductive, because useless or injurious to society.

The occupations of the legislator, the judge, the clergyman, the teacher, the physician, the lawyer, and the philosopher, are all in themselves productive, because useful and beneficial in the highest degree to society, but they are all liable to be perverted and rendered unproductive.

The legislator who either from ignorance or design, is employed in making useless or injurious laws, is thus far at least, employed in a most useless

and unproductive occupation. The judge who ignorantly or designedly pollutes the fountains of justice, is most unprofitably employed. So the occupation of the clergyman, teacher, physician, and lawyer, become unproductive, when they become useless, or injurious to society.

These different occupations are much more frequently unproductive than their votaries are willing to allow. If there are twice as many physicians or lawyers, as are necessary to transact the business of their respective professions, the supernumeraries are employed in unproductive occupations. They are useless members of society. No one individual may be entirely so, but all are made more or less so, inasmuch as all cannot have full employment and idleness, temptation, and want, induce many to resort to artifices to gain a livelihood, which do not regularly belong to their professions, and which are positively injurious to society. So the occupation of a merchant is in itself a productive one, but when there are more persons engaged in the occupation, than are necessary to transact the business, the supernumeraries are engaged in an unproductive occupation, and unable to obtain a livelihood by a regular course of industry in the line of their business, they prey upon each other and the community, and are therefore useless labourers. There are other occupations, which are in themselves unproductive. They are either useless, because they produce none of the necessaries, comforts, or innocent enjoyments of life, or they are positively injurious to the morals and happiness of the people. The occupations of a speculator and stock-jobber, are useless and unproductive. The object of those em-

ployed in these occupations, is not to produce any of the necessaries or comforts of life. Different persons may have different opinions of the moral character of these occupations, but all must agree that they are useless, and unproductive to the community. The occupations of the gambler and sharper are unproductive, because positively injurious to society. Upon this subject there is no diversity of opinion. All will agree, that gamblers and sharpers are nuisances in society, as much as swindlers, counterfeiters, or any other class of people who prey upon their fellow-citizens. So every other occupation of an acknowledged immoral tendency, is useless and pernicious to society. Of these there are many, which it is unnecessary to enumerate. Every man can determine whether an occupation is productive or unproductive, as soon as he makes up his mind, as to what occupations are useful to society, or produce innocent enjoyment, and what occupations are useless or hurtful.

Innocent pleasure or enjoyment is a lawful pursuit of mankind, and he who by his labour promotes it, is a productive labourer. If dancing be an innocent amusement, then the dancing master pursues a productive occupation. If listening to a violin, be as innocent as wearing lace, then the player upon a violin is as much a productive labourer, as the manufacturer of lace, or any other trinket or bauble. There is just as much necessity for one as the other. If wearing lace or finery pleases the vanity of one, listening to music pleases the ear of another, and the comparative utility of the labour which produces these different kinds of enjoyment, can only be ascertained by their moral effect, and the enjoyment they afford.

It is the duty of every man in society, to do something towards promoting the general prosperity and happiness; no man has a right, whatever be his condition in life, to be a drone or an idler, or to pursue an occupation, which is either useless or injurious to society. The second article of the social compact, it will be recollected, was, "we will not rob each other;" and the man who lives upon the labour of others, without contributing any thing towards their enjoyment or happiness, does in effect rob them of their labour, and he who obtains his own livelihood by gambling, cheating, or overreaching, violates the spirit of this article of the social compact, as much as if he robbed on the highway.

It is the imperious duty of government, to suppress all occupations which are positively injurious to society, and to discourage, as far as possible, all that are useless, and therefore, unproductive. The gambler, sharper, and swindler, are no more entitled to indulgence or quarter, than the thief or the robber.

## CHAPTER XI.

### *Private Economy—Luxury.*

As national wealth is a distinct thing from individual wealth, so political economy is a distinct thing from private economy; nevertheless, there is that sort of relation existing between them, that they reflect light upon each other, and a knowledge of the one,

affords us a more clear and distinct view of the other. It may also be necessary to give some explanation of private economy and luxury, to prevent any misapplication of the doctrines inculcated in the preceding chapters.

Some might, perhaps, suppose, if national prosperity and wealth require, that the annual consumption should keep pace as nearly as possible, with the annual production; the most effectual method of promoting national wealth, would be, by prodigality and luxury; that the more an individual could contrive to spend or consume, the more he would promote national wealth and prosperity.

Nothing can be more erroneous than such a conclusion. The principles which I have endeavoured to establish, concerning national wealth, are in perfect accordance with every true principle of private economy, and in perfect dissonance, not only with prodigality and luxury, but also with avarice and parsimony.

A short explanation of private economy and luxury, will make this perfectly manifest.

Philosophers and moralists, from the earliest ages of literature, have been lavish in their praises of economy, and unsparing in their reprobation of luxury. The one they have exalted into a virtue—the other they have degraded into a vice. Such has been the universal tenor of their writings, if we except a few modern philosophers, who, confounded and bewildered with the new state of things, which the arts, manufacturers, and commerce, have produced in the world; and which they were unable to reconcile with their previous notions of economy and luxury, have

entertained doubts about their moral character, and have almost gone so far as to make economy a vice, and luxury a virtue. They seem to suppose that a change of times, has produced a change in the moral character of actions, and that what was once a virtue, may now have become a vice, and what was once a vice, may now have become a virtue.

Such a monstrous doctrine as this, ought to be encountered at the very threshold of its introduction into the science of morals, and it should receive no quarter, until completely eradicated. Virtue is as immutable as the throne of Jehovah, and the distinction between virtue and vice, is as unchangeable as the laws of nature. Let it once be admitted, that virtue changes with the times, and a time-serving code of morality is the necessary consequence, and a man may indulge the most biting avarice, and call it economy, or spend his substance in prodigality and riot, and call it virtue, without any danger of subjecting himself to the discipline of the moralist; for he will say, "the times have changed, and that which was once a vice, has now become a virtue."

Such a doctrine is as false in theory, as it would be deplorable in its consequences. Economy is as much a virtue now, as it was two thousand years ago, and will continue to be so to the end of time; and luxury is as much a vice now, as it was in the days of Cleopatra or Nero, nor can a change of times any more make it a virtue, than a change of times can make avarice, benevolence.

The whole difficulty on this subject has arisen, from not entertaining correct or distinct notions of economy and luxury. Economy is perpetually con-

founded with avarice, or parsimony; and luxury with liberality; and this is, in a great measure, the fault of our moral philosophers, in not giving definitions to these virtues and vices. They give most impassioned eulogiums upon economy, without ever telling us what economy is, and they reprobate luxury, without informing us what luxury is. Had they given us a correct definition of economy, no man would ever have mistaken avarice for economy. Had they given us a correct definition of luxury, no man would ever have mistaken it for liberality.

There is, to be sure, a great difficulty in framing a definition of economy, or luxury, which shall suit all times, all people, and all circumstances. That which in one man, would be economy, would be biting avarice in another. That which would be prodigality in one age, would hardly be liberality in another. It is a very easy thing to write a fine declamation in praise of economy, or in reprobation of luxury or avarice; but it is not an easy thing to give a definition of either, which shall express their true character, be applicable to all persons, and suit all times. If, however, there be any such thing as economy, a definition may be given of it, which shall express, in a single sentence, its true character, and distinguish it not only from every other virtue, but also from every vice. Such a definition, whenever it shall be given, will remain as permanent as the virtue itself, and will enable every man to distinguish an act of economy, from avarice or luxury.

A definition of economy must have relation to *means* and to an *end*, or *object*. If the definition have relation only to *means*, then it will vary, as the *means*

vary; hence that which would be economy in a man of only five hundred dollars revenue, might be sheer avarice in a man who has ten thousand a year. All the confusion on the subject of economy has been occasioned by confining it to the *means* without regard to the *end*.

On the subject of private economy, by *means*, is meant a man's revenue, from whatever source it may be derived.

By *end* or *object*, is meant the thing to be obtained, by this revenue or *means*.

Happiness is not only the universal, but the lawful pursuit of mankind. The *end* or *object*, which every man proposes to obtain by means of his revenue, as well as his labour, of whatever kind, is happiness, or enjoyment. A definition, therefore, of economy must express the relation that exists between the *means* and the *end*, and such a definition will be universal in its application.

I shall, therefore, define private economy—*such an application of revenue as shall procure the greatest portion of innocent enjoyment.*

If a man appropriates his revenue in such a manner, as procures to himself a smaller portion of innocent enjoyment, than he might have procured by a different appropriation of it, then he has not expended, or appropriated his revenue in the most economical manner. It may be further observed, that a man's enjoyment is never innocent, when procured at the expense of his duty. If duty require a man to expend a portion of his revenue in a particular manner, it is not true virtuous economy to withhold the expenditure.

The foregoing definition will be found applicable both to the rich and the poor. It also distinguishes economy both from avarice and luxury, by such plain lines, that the dullest vision may perceive them. The man, whether rich or poor, who so appropriates, or spends his revenue, as to produce to himself the greatest portion of innocent enjoyment, is a strict economist, both in the political and moral sense of the word. Neither the miser, nor the voluptuary are economists within this definition.

The extravagant spendthrift, who lives beyond his means, is not an economist within this definition, for he who reduces himself to beggary, and ends his days in a jail, cannot so have appropriated his revenue, whether large or small, as to procure to himself the greatest portion of enjoyment, whether innocent or otherwise. Neither the drunkard or debauchee, are economists within the definition, although they may not live beyond their means, for besides the immorality of their pleasures, their ruined health and broken constitutions must be taken into the account in estimating the amount of their enjoyments.

The rich miser, who hoards up his revenue, who denies himself and his family those comforts of life, which his abundant wealth enables them to enjoy—who consumes as little as possible of the annual product of industry, and thereby does as much, as in him lies, to prevent those who depend upon their labour for subsistence, from obtaining it—who bestows no charity—who patronizes none of the arts, nor does any thing whatever to encourage industry, may so appropriate his revenue, as to produce to himself the greatest portion of enjoyment, but that enjoyment is

not *innocent*. The feelings of avarice are not virtuous feelings; the enjoyments of avarice are not virtuous, or innocent enjoyments.

A miser no doubt derives more pleasure from counting his gold, than he would do in expending it in purchasing the comforts of life, the product of industry—in purchasing a comfortable house, comfortable furniture—decent equipage, according to his means, by which he would contribute to the support of the labouring part of the community. He derives more enjoyment from being his own servant, than he would do, in paying away his money to menial servants. A few additional shares of bank stock afford him more enjoyment, than their expenditure in the education of his children would have afforded him, and for this, he will probably call himself a strict economist, and take merit to himself for setting a good example to his neighbours; but before he takes this comforting unction to his soul, he should calculate how many labouring poor his avarice has kept out of employment, and thereby kept in want of bread, how many paupers his parsimony has produced, how much happiness he may in various ways have prevented, and by the time he has made all these calculations, he will probably begin to think that his enjoyments have not been quite so innocent as he supposed, and that the term *miser* may be applied to him with much more propriety than that of economist.

But when that disgusting vice, avarice, is made the fundamental principle of national wealth, in all the most popular and approved treatises of political economy, we are placed in the dilemma of transforming avarice into a virtue, or of considering national

wealth, as an unnatural vicious condition of national existence. Dr. Smith tells us, that national wealth is to be increased by *parsimony*, and not by *industry*. I know not how to make a distinction between parsimony and avarice. Almost all other writers make national wealth to consist in accumulation, which is but another name for avarice, or at any rate avarice is the fundamental principle of these theories. National wealth is to be augmented by indulging the feelings and acting upon the principles of the miser, the necessary consequence of which is to spread want, misery, and starvation among the ranks of the labouring classes; among those very classes, who support the whole superstructure of civil society.

Among the multitude of dependencies in civil society, it is sometimes impossible to see the effect of particular actions, and it becomes necessary to look at the whole mass, in order to form a correct notion of a part. The miser sees no individual whom his avarice has reduced to want or pauperism, and hence he concludes, that it has reduced no one to that condition; but to show the fallacy of this conclusion, let us put a case by way of illustration, and a case of awful magnitude it is.

There are in England more than a million of paupers, who, if there was a full and constant demand for their labour, would be able to provide comfortably for themselves. There are also in England multitudes of men with immense revenues, who annually lay up a large portion of that revenue. Suppose every man in England was to expend the whole of his revenue in the purchase of the product of industry, which he should in some way or other immediately

consume. Would there not be an immediate demand for the labour of all these paupers, and would it not bring immediate relief and subsistence to themselves and families? The revenue, however, of all the men of wealth, in England, would be more than sufficient to purchase the whole product of British industry, and it would not therefore be necessary for every man to expend his whole revenue in this way, in order to give relief and maintainance to the labouring poor. Each man then might still retain a portion of his revenue, and innocently enjoy the pleasure of adding it to his wealth. This, however, shows, that it is the hoarding of misers which produces poverty and pauperism. Although it does not follow from this, that it is necessary for a man to expend the whole of his revenue, in the purchase of the product of industry, in order to save himself from the sin of avarice, but only that he should expend a free and liberal share of it.

The same rule which governs the man of affluent fortune, applies also to the man in moderate circumstances. If he is a strict economist, he will so expend or appropriate his revenue, as to procure to himself the greatest portion of innocent enjoyment. He will not be required to spend so great a share in encouraging and supporting the industry of the labouring poor, or to consume so great a portion of the product of their labour, as the man of more ample fortune. Economy will permit him to keep within limits, as to expenditure, which would be the limits of avarice and parsimony, when applied to the man of affluent fortune.

As the above definition of economy, excludes ava-

rice and parsimony on the one hand, so it equally excludes luxury and prodigality on the other.

*Luxury is an effeminate indulgence of appetite.* Most writers, I know, apply the term luxury to every kind of extravagance, but this is an abuse of the term; it only applies to sensual gratification.

Prodigality includes every other species of excessive extravagance. It will hardly be pretended, that a revenue spent in sensuality, is so expended as to procure the greatest portion of innocent enjoyment; and if a revenue, spent in innocent extravagance, procure a greater portion of enjoyment, than if it were expended in any other way, I know of no objection to its being so expended. Unless the extravagance is carried to such an extent, as to injure third persons, I can perceive no reason why it is not consistent with the most rigid economy.

The object of wealth, or revenue, is to procure enjoyment, and the greater quantity there is procured, provided it be innocent, that is, if it neither injure ourselves, nor others, the better. All men do not take pleasure in the same pursuits, and it would be perfect folly for all men to spend their revenue in the same way. That which would afford the greatest enjoyment to one, would afford none at all to another. It might be very economical for an antiquary, with an adequate revenue, to spend thousands of dollars a year, in hunting after antiquities. It would be folly, and very bad economy, for a poet, with an equal fortune, to spend his time, and his money, in the same way, because it would afford him no enjoyment. It might be very good economy, for a man who has a taste for painting, and who has the means of indulg-

ing it, to spend a thousand dollars a year in the purchase of pictures. It would be very bad economy for a man, who had no taste in this way, to spend a tenth part of that sum in similar purchases. It may be very good economy for a man, who had a taste for botany, to expend a portion of his revenue, in the cultivation of a botanical garden; it would be very bad economy for a mineralogist, who had no taste for botany, to spend any portion of his revenue in the same way. It may be very good economy for a man, who is fond of dress and display, to spend a large portion of his revenue in the gratification of his propensity, because it is an innocent enjoyment, and causes a consumption of the product of industry, and thereby encourages labour. If a man has so much lightness and vanity, as to value himself for the decorations of his person, so long as he harms no one, his gratification is innocent, and as his sillyness often serves to amuse others, he in that way, contributes to the general happiness. As individual loss is often public gain, so a man, by making himself ridiculous, may often promote public enjoyment. But it would be very bad economy for a philosopher, who took no pleasure in dress and show, to spend his revenue in the same way.

Whenever a man indulges his propensity to such a degree, as to reduce himself to beggary and want, it becomes prodigality, however limited his indulgence may be.

A vicious indulgence of a man's propensity in expenditure, is either avarice or luxury. In short, private economy occupies the middle ground between avarice and parsimony, on the one hand, and luxury

and prodigality on the other. If a man steer clear of these, on either hand, he may procure all the enjoyment within the means of his revenue, without infringing upon the most rigid rules of economy.

The rich ought always to bear in mind, that, as they possess all the property, it is their indispensable duty, to consume all the surplus product of the labour of the poor. This is, or this ought to be, the condition upon which they hold their property, and this is a condition favourable enough to them.

The rich must either support the poor in this way, or they must support them as paupers. When all the property belongs to a part of the community, of course, all the product of the earth must, in the first instance, belong to them, and unless that portion of the community, who have no property, can procure the necessaries of life, by their labour, they must either starve, or live upon charity. All cannot find employment in agriculture, and unless the product of manufacturing labour is consumed when produced, it is useless to produce it, for, of itself, it will not support life. If those who have all the necessaries of life, will not exchange a part of them for the product of the labour of the poor, they must maintain these poor without labour. That cannot be economy which, if practised by all men, would cause starvation to one half of the community. If this is economy, then economy is a heinous vice, instead of a virtue.

Nature never planted in the breast of man, a desire for happiness, and gave to wealth the power, or rather made it a means of procuring happiness, without intending that it should be used for that purpose. The legitimate object of wealth, therefore, is to pro-

cure happiness, or enjoyment. But, like every other good, it is liable to be abused; and it is always abused, when not so used as to produce innocent enjoyment; and it is always abused, when used for the purpose of gratifying the sordid, selfish, and base passions.

Wealth is also abused, when, instead of a means for procuring innocent enjoyment and happiness, it is made the means of sensuality to the possessor, or in any other manner, so used as to produce vice and misery, instead of happiness. The doctrine, therefore, that consumption must equal production, in order to promote, in the greatest degree, national prosperity and wealth, is as far removed from luxury and prodigality, as from avarice and parsimony; it is perfectly consistent with the most rigid rules of private economy.

# PART SECOND.

## CHAPTER I.

### *Introduction.*

In the first part I have examined into the nature, source and cause of national wealth. I have dared to give a definition of national wealth different from any hitherto given. I have traced it to one simple *source*—the earth, and have endeavoured to show that it is the *effect* of one single *cause*—labour.

I have also presumed to controvert some of the most popular theories, on the subject of national wealth; and have endeavoured to prove that the prevailing one, which confounds national with individual wealth, and makes national wealth to consist in *accumulation*, of the surplus of production above consumption, is not only erroneous, absurd and impossible, in the nature of things, but that it is also positively pernicious; and that, consequently, every legislative act which proposes the accomplishment of such an object, must necessarily be detrimental to the community, in proportion as it is successful in attaining its object.

Whether I have been successful in these, as they may be thought bold attempts, is not for me to decide.

This second part will naturally comprise some, at least, of the means by which national wealth may be promoted; and, also, an examination of some of the most prominent measures, which nations have resorted to, for the purpose of promoting it

This part will, necessarily, be more desultory than the former. It is not susceptible of being reduced to any precise limits; for almost every law in the statute book, might be made the subject of a chapter. Every subject which can have an influence in promoting, or which may be prejudicial to national wealth, might properly come within the scope of this part. Education, the administration of justice, bankrupt laws, the criminal code, public law, treaties of commerce, colonies, finance, &c. &c. are all subjects, upon which elaborate treatises might be written, all of which would fall within the scope of a work, on the means by which national wealth may be promoted.

But I have no intention to meddle with these subjects at present. I have neither the ability, nor the inclination, nor the time necessary, to do them passable justice. I shall, for the present, content myself with a few remarks, on more trite and common subjects of political discussion; which are, nevertheless, supposed to have an important influence on national wealth, and upon which also public opinion is, I believe, in all countries, very much divided.

Whether I shall be able to throw any new light upon these subjects, I know not; but as I have be-

fore said, I write rather for my own amusement and improvement, than for the instruction of the public. Even if my notions were ever so correct, and my theories ever so sound, I know too well, the ways of this world, to suppose that mankind will consent to receive instruction from so humble an individual as myself. Long received opinions are not so easily overthrown. Men do not so readily admit that those from whom they have been in the habit of receiving instruction, were less wise than they were supposed to be. But as I have launched my skiff upon the ocean of controversy, I shall continue to steer it by the dim light of my own reason, regardless of whose opinions it may run foul of.

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## CHAPTER II.

### *Equality.*

In political economy, as in every thing else, the more rigidly we adhere to the laws of nature, the more successfully we trace out these laws, and build upon them, the more substantial, permanent, and perfect will be our work.

Nature has endowed man with certain capacities, wants, propensities and passions, over which she has given him a certain control, by bestowing upon him the power of free agency. In proportion as these capacities or faculties, are developed, and called into action, in the same proportion does man rise in the

scale of being. The difference between the savage and the civilized man, is constituted by the difference in the developement of their faculties, intellectual and moral. The great object, therefore, of every human institution is, or should be, the developement of the faculties of the human mind. Every measure which has a tendency to produce this effect, is beneficial. Every measure which has a tendency to produce a contrary effect, is prejudicial.

Nothing can be more absurd, than to suppose that any measure, which has a tendency to cramp and paralize the human faculties, can promote national prosperity and wealth. Every true system of political economy, therefore, must be built upon the laws of nature, in regard to the human mind; not in regard to the human mind as it appears in an individual, but in regard to the whole human mind, as it is apportioned and divided among men. The laws of nature, in regard to man, in his natural state, or state of nature, are to be preserved as far as practicable, in the social state.

The natural state of man, is a state of perfect equality, as it regards *rights*. One man has as much right to life, and liberty, as another. This principle should, therefore, be preserved in the social state, as far as practicable. One man should have no personal control over another. One man should not be compelled to support another, by his labour, or otherwise, unless in some particular cases, where, in consequence of a departure from the laws of nature, some derangement has been produced in the social system, which has deprived a portion of the people of the means of procuring a livelihood, as is at pre-

sent the case with the paupers of England; and is indeed more or less the case, in every country.

One departure from the laws of nature, often produces an evil, which it is necessary to remedy, by another departure from those laws.

There are, however, in a state of nature, certain dependencies, which are also to be preserved in the social state. The dependencies of children upon parents, and wives upon husbands, or rather of females upon males; for it may be said, that in a state of nature, there are no husbands and wives. But whether it be a dictate of nature, (which seems to be the better and most prevalent opinion,) that one man should confine himself to one woman, or not, it is at all events, the dictate of nature, that the female should be dependent upon, and subject to the control, to a certain extent, of the male; and nature, (ever just, and ever equal in the distribution of her bounties,) has made abundant provision and remuneration to the female, for this dependence.

This dictate of nature is probably somewhat more extensive in its application in the social state, than is generally supposed. Nature does not merely dictate that a child shall be dependent upon his parent, and the wife upon her husband; but she dictates, that all youth, and all minors shall be dependent upon those of full age, and that all females, married or unmarried, shall be dependent upon the male part of the community. Hence arises the dependence of apprentices upon masters, and the right which masters have to correct and control their apprentices. Hence the right which society has to provide for the education, government, and bringing up of orphan and destitute

children; and its right, when parents neglect their duty to their children, to take the children from the parents and provide for their proper education, and bringing up. Hence the right also which the males have of excluding females from all participation in government, and all interference in the management of public affairs; from taking any part in public debates, or in public instruction.

But although there is, in a state of nature, such a perfect equality of *rights*, yet there is not by any means, a perfect equality of *power*. One man has more talents, more strength, and more personal endowments than another; all of which enable him to procure and enjoy a greater share of the good things of this world, than a man less liberally endowed. Nature, therefore, never intended, that there should be a perfect equality among men; and the chimerical theories of Godwin, Condorcet, and other visionary dreamers, about a state of perfect equality, are in as direct violation of the laws of nature, as those existing systems, which place strength in subjection to weakness, talents in subjection to imbecility, and secure to one portion of the community in perpetuity, all the property, to the total exclusion of a more numerous and equally entitled portion. Both of these systems are in direct violation of the laws of nature, and a great portion of the evils which exist in society, are produced by this violation.

To reduce the strong man to a level with the weak one, or the man of talents to a level with the simpleton, is as much a violation of the laws of nature, as it would be, to reduce the tall man to the height of the

short one, or to attempt to produce an equality between comeliness and deformity.

This earth was never created for the benefit of one portion of the human race, to the exclusion of another portion; and every system which tends to produce such a consequence, is in direct violation of the laws of nature; and will certainly end in wretchedness and misery.

This natural equality of *rights*, and inequality of *power*, are to be preserved as far as practicable in every true system of political economy; and the principal difficulty in legislation consists, in the proper preservation of these two laws of nature. All human institutions are, however, imperfect; and it is not to be expected, that under any form of government, these principles of nature, will ever be preserved in their native purity. But the nearer we can approach them, the nearer we shall approach to perfection.

An exclusive right to property, is the chief cornerstone of civil society—without this, the social state could not be sustained. This exclusive right, is to a certain extent, an infringement of man's natural right to the earth, which is to be permitted for the benefit of national existence.

A nation is an artificial being. God created man, and established certain laws respecting him. Men have formed themselves into nations, for the purpose of availing themselves of the advantages of united power, and for the purpose of protection and security against each other's violence; and they have a right to avail themselves of the laws of nature, so far as they apply to this artificial mode of existence, and to

modify those laws, so as to adapt them to the object they have in view.

Man's natural undefined right to the earth, is inconsistent with the existence of the social state. A modification must, therefore, be made, but this modification should be carried no farther than is necessary to accomplish the object. If carried farther, it will be injurious.

In other words, equality of rights should be preserved as far as practicable, consistently with the exclusive right of property. This will preserve as equal a division of property, as is beneficial to society, or conducive to national wealth.

Laws of primogeniture, entail, limitations of real property, private monopolies, exclusive privileges, and every other law, which produces inequality in *rights*, is a direct and an unnecessary violation of the laws of nature; and tend, in a greater or less degree, to produce wretchedness, poverty, pauperism and moral degradation, in one part; and overgrown wealth, idleness, luxury and effeminacy, in another part of the community.

An equal division of property, is not a thing to be desired in any country, because it is not a dictate of nature. An agrarian law, or any other forcible equalization of property, is as unnatural, as it would be to reduce all men to the same stature, by stretching them upon the bed of Procrustes; and an inequality produced by unequal or partial laws, is equally detrimental to the public good, and equally in violation of the laws of nature.

As nature made man equal in rights, let those rights always remain equal, so far as they depend

upon equal laws. As nature has made men unequal in power, let every man enjoy the full benefit of nature's endowments. Let him have the full benefit of those advantages, which nature has given him over his fellows. If one man has more talents, more strength, more ingenuity, industry, or a better character than another, let him enjoy the full benefit of these advantages. Let there be no laws, that shall give dullness a superiority over talents, or weakness over strength. Let there be no exclusive privileges, or advantages, secured to one class of men, and denied to another; or, what is in effect the same thing, let there be no contrivances, or institutions, which shall give the rich an artificial power to increase their wealth, but of which the poor cannot avail themselves. It will hereafter be shown, that institutions of this description, have produced the greatest portion of poverty, pauperism, and misery in the world.

A government should be like a good shepherd, who supports and nourishes the weak and feeble ones in his flock, until they gain sufficient strength to take their chance with the strong, and does not suffer them to be trampled on, and crushed to the earth, by the powerful. The powerful ones in society, however, are not those who are so, by nature, but those who have been made so, by art—by the inheritance or acquisition of enormous wealth; and these are the ones, who ordinarily engross all the attention and care of the government. These call themselves the nation; and governments are principally occupied in devising means, not for preserving the natural equality of rights, which exists among men; but for producing a still greater inequality in these rights, by augment-

ing the wealth of the rich: supposing, or pretending to suppose, that by augmenting the wealth of the rich, they augment the wealth of the nation, as if the rich constituted the nation. The inevitable effect of such measures, (as I trust I shall hereafter show,) is to produce poverty, pauperism, and national distress.

The great object of government, as I have said before, should be to preserve as perfect an equality of rights and property, as possible, consistently with the natural inequality of power among men. Laws of primogineture, entail, limitation, and every other law, which tends to accumulate wealth, and perpetuate it in particular families, is in direct violation of this principle.

It is necessary to civil government, that men should have exclusive property in the earth, and it is expedient, if not a dictate of nature, that a man should transmit his possessions to his posterity; but it is not a dictate of nature, that he should have any power or control over the earth, after he has become a part of it. It is not a dictate of nature, nor has a man any natural right to devise his land, nor would the best interests of society authorise this to be done, were it not, that, as a general rule, parents will divide their property equally among their children. If parents were in the habit of making an unequal division of their property among their children, the law of devises ought to be abolished altogether; not on account of the children who get the smallest portions, but on account of the public good. It is natural law, and the best interests of society require, that all the private wealth in a community, should be resolved into

the general mass, at least once in every generation. One generation has no right to make a distribution of this earth, or exercise authority over it, after it has passed off, or rather into it.

It is not practicable, I know, in reality, to resolve the exclusive property of individuals into the general mass once in every generation; but this should, for the public good, be done, as nearly as practicable; which is, to divide it equally among all the children of the deceased proprietor. The object of this is, to preserve the natural equality of rights among men, and to prevent individuals from acquiring that unnatural, inordinate power, which wealth bestows.

A great portion of the evils in society arise from an unequal division of property.—Th s unequal division, is mainly produced, by unequal laws, which tend to accumulate property in individual hands; and perhaps, more than any other, the laws of inheritance, and primogeniture, tend to produce this effect.

Wherever, then, parents show a disposition to make an unequal division of their property among their children, the law of devises ought to be abolished; and the laws of primogeniture and entails ought never to exist in any country. These laws have produced more pauperism in England, than ever the public debt has done.

An unequal division of property, produced by unequal laws, encourages idleness, luxury, and dissipation in one part of the community, and produces dejection, discouragement, moral degradation, and pauperism, in another part. It is as true in regard to the race of industry and enterprize, as in regard to every other race, that the more upon an equality, are

all the competitors, the greater will be the competition between them.

"Above all things," says lord Bacon, "good policy is to be used, that the treasures and monies in a state, be not gathered into few hands, otherwise, a state may have a great stock, and yet starve."

Such is, in a great measure, the present condition of England. The annual product of British industry, is no doubt abundantly sufficient to supply all the people with the necessaries and comforts of life, provided there was any thing like an equal and just distribution of it; but, in consequence of laws of primogeniture, entail, and other laws, tending to accumulate property in the hands of individuals; one man possesses a revenue of a hundred thousand pounds a year, and a thousand others are in want of the necessaries of life, without the means of obtaining them, even by their own industry. One class of citizens are wallowing in wealth, and rioting in luxury, while another class is oppressed by poverty, and depending on charity for subsistence.

Such will never be the effect of an adherence to the laws of nature, as far as practicable in civil government. If once in every generation, all the property in the kingdom, had been equally divided among all the children of the proprietors, there never could have been any such overgrown estates. The natural equality of man would have been preserved, at least, to a very great extent. Every man would have depended, in a great degree, upon his own industry, for his enjoyment of the necessaries and comforts of life. There would have been such an equality in the distribution of the product of industry, as to have

afforded each one a comfortable share. The idle, luxurious, and dissipated, would have borne a much smaller proportion to the industrious; and the product of industry would, consequently, have been augmented.

The product of industry, consists of the necessaries and comforts of life, and the abundance of the necessaries of life, depends on the proportion which exists between the number of people, and the quantity of labour bestowed in producing the necessaries of life; or, what is the same thing, upon the proportion that exists between the quantity of labour employed in producing the necessaries, and in producing the comforts of life.

Suppose a nation to contain a million of people, two hundred thousand of whom are labourers. If a hundred and fifty thousand of these labourers are employed in producing the necessaries of life, and only fifty thousand in producing the comforts of life, food may be very abundant; but if a hundred thousand are employed in producing the comforts of life, for home consumption, food will be much less abundant; if employed in manufactures, for foreign consumption, food may be as abundant in one case, as in the other. So that the abundance of food, and consequently, the increase of population, will always depend materially upon the proportion that exists between the quantity of labour employed in producing the necessaries, and the comforts of life.

The absolute quantity of labour, will always materially depend on the equal, or unequal division of property. Men of overgrown wealth, do not labour, and the more men there are of this description, the

fewer labourers, of course. The more unequally property is divided, the greater proportion of labour will be employed, in producing the comforts and luxuries of life.

Wealth gives a man a right to a proportion of the product of labour, in proportion to its amount. But a rich man cannot well eat more than a poor one; it requires about the same quantity of food to support the human frame, in health and vigour, in all climates, and in all conditions of life. The rich man, therefore, whose share of the product of labour, is five hundred times greater than he can himself consume, in the shape of food, must contrive some other way to consume it. He will, therefore, employ, in one shape or another, four or five hundred labourers, either in his own, or foreign countries, to furnish him with what he calls comforts, elegancies, and luxuries of life. This is, no doubt, much better than it would be, to hoard up his revenue; but it would be better still for the nation, and for mankind in general, if his fortune was divided among a score, or a hundred people, which would have the effect to divert a portion of this labour, employed to gratify the appetite and vanity of this individual, to the production of the necessaries of life, which would make food proportionably more abundant, and enable population to increase proportionably faster.

The restraints upon the increase of population, do not ordinarily arise from any incapacity in the earth, to produce food, or from any natural inability in man to procure it; but from a thousand artificial causes, which grow out of civil society, and which begin to operate almost as soon as society is formed. Actual

want, or necessity, operates directly, upon a very small portion of society, in repressing their increase. There are very few people who starve in any country, or whose increase is repressed by the actual want of food; but there are multitudes in every country, especially in all old countries, where property is very unequally divided, whose increase is repressed by their artificial wants, or want of those things, which, from habit, and the customs of the country, they have come to consider as essential to their happiness; and these are always in proportion to the unequal division of property. This is a principal reason, why population does not increase so fast in old countries, as in new. Artificial wants produce their effect in restraining the increase of population, long before actual want begins to operate.

The want of food, is indeed, an impassable barrier, but it is placed on the very confines of human existence, and represses only the flanks, (if I may be allowed the expression,) of population. Our artificial wants are only imaginary, it is true, but they have no limit, they increase by indulgence, may be multiplied indefinitely, and although less inexorable and terrible in their operation, are, nevertheless, vastly more efficient in their execution, than actual want.

The effect of the want of food, in restraining the increase of our species, may be compared to the effect of old age, in destroying them. It is sure to give the finishing stroke, to do all the work of destruction that is left undone by other agents, and yet the work it does is trifling, in comparison to what these other agents do. Where old age destroys one, thousands are destroyed by diseases, which are merely acci-

dental, and for whose agency, there seemed to be no necessity. So actual want of the necessaries of life, is sure to cut off, with relentless severity, every human being, who intrudes upon his dominions, and thus keeps down population to the supply of food; but, in effect, it operates much less powerfully, in repressing the increase of population, than artificial wants, for whose agency there seems to be no necessity. This seems to be a wise provision of nature, to prevent the world from becoming too fully peopled.

Any one may form a clear conception of the force of artificial wants, in restraining the increase of population, by comparing the wants of different classes of society; the wants of people in different sections of the same country, and the wants of the people in the same country, in different ages.

If all the labour, in any country, was employed in producing the necessaries of life, there would be no restraint, at least, for many years, on the increase of population, arising from the want of food. In time, there would be, because the power of procreation, in the human species, is much greater than the capacity of the earth, to yield food.

It is well for mankind, that there are other motives, besides the fear of over-peopling the world, to restrain men from increasing their species. These other motives originate in self, and therefore, will be sure to have their effect. A philosopher may, if he chooses, refrain from marrying, from a fear of contributing towards overstocking the world with inhabitants, and he may teach others to follow his example, but there is very little danger, that either his example, or his precepts, will have much effect. So cheerless a doc-

trine, will not be likely to make much progress in the world, and it would be a pity, that it should. A man of plain common sense would very much regret to see the world overstocked with inhabitants, as misery and starvation would be the consequence; but as such a catastrophe never has happened in any country, he sees no reason, to fear, that it ever will happen; and he furthermore sees an abundance of both natural and moral causes, to prevent such a catastrophe, without resorting either to wars or starvation, for the purpose of destroying mankind, or teaching the still more comfortless and dreadful doctrine of celibacy, for the purpose of preventing the increase of our species.

While on the one hand, he encourages, to a reasonable extent, the production and enjoyment of the comforts of life, and in that sees a wholesome restraint on the increase of his species, arising from a man's own selfishness, he would on the other hand discourage the production and consumption of an unreasonable portion of the comforts and luxuries of life, because in that he sees an unnatural and undue restraint on the increase of his species. He will also perceive, that a proper medium is most conducive to national wealth, and that this proper medium depends greatly on the division of property. In proportion as property is unequally divided, in the same proportion will labour be diverted from the production of the necessaries, and employed in the production of the comforts and luxuries of life; and an unequal division of property, therefore, produced by unequal, unnatural, or unjust laws, must have an unfavourable influence both upon national wealth, and

power; it will not only cause poverty and pauperism, but a diminished population also.

But an unequal division of the property, produced by the exertion of unequal talents, industry, strength, and skill, is highly beneficial to national wealth. An inequality, thus produced, answers the same purpose, in political economy, that high prizes do in a lottery. If all the prizes in a lottery, were of equal value, no man would adventure his fortune in them. So, if a perfectly equal division of property were to prevail, in spite of the exertion of talents, industry, and skill, there would be no motive for their exertion. All enterprise and competition would be checked, and a universal paralysis would pervade the energies of the body politic. There would be a total stagnation of industry and enterprise. Nothing but absolute necessity, would stimulate men to labour; and mankind would sink again into a state of savagism. Such would be the consequence, if the theories of Godwin, Condorcet, and other visionary dreamers, about a state of perfect equality, were to be carried into effect.

If all the high prizes in a lottery were to be appropriated by the managers to certain individuals, nobody would adventure their fortunes in them; and in proportion as this is the case, the ardour of enterprize is checked. So in political economy, if all the great fortunes are secured directly, or indirectly to particular individuals or families, it produces discouragement and despondency: and an unequal division of property, from whatever cause, has this further necessary evil attending it, that of causing a degree of poverty and pauperism, corresponding to the unequal division.

But where fortunes are not suffered to accumulate from generation to generation. Where on the death of each proprietor, his property is, comparatively, resolved into the general mass, by being divided equally among all his children; the unequal division can never become so great, as necessarily to produce any very great share of pauperism and distress.

The laws of nature, are all in harmony with each other, and if strictly adhered to and followed, never lead to any absurdity, or produce any pernicious consequences. They are liable, however, to be abused and perverted, by the indiscretion, folly, and wickedness of man. It is not in pursuance of the laws of nature, that one man exercises power over another; nor that one portion of the human family should possess the whole surface of the earth, to the perpetual exclusion of another portion.

A principal desideratum in legislation, should be, to preserve the personal independence, or as it has been termed, the *individuality*, of the citizens, in all cases, except family dependence. The only way in which this can be done, is, by preserving the natural equality of men. Wealth is power, and the more unequally property is divided, the greater will be the power of one class of citizens over the destinies of another, and usually the larger class. This creates personal dependence, and produces to a certain extent, the condition, if not physically, at least morally, of lord and vassal, master and slave. The pernicious effects of this species of dependence, is even greater than that of vassalage. It is attended with all the moral evils, without any of the moral benefits, of absolute servitude.

In the case of lord and vassal, master and slave, there is a sort of mutual dependence. It is as well the interest, as the duty of the lord, not only to protect and support, but also to direct and control both the industry, and the moral character of his dependents. But such is not the case, where dependence grows out of an unequal division of property, in the present state of improvement in the arts. The advantage is then all on one side. The rich nabob feels himself under no obligation, to support and protect the poor; nor has he any power to direct their industry, or control their vicious propensities.

The poor, unable to maintain their independence, and finding it impossible to enter into any thing like an equal contest, with the enormous power of the rich, become disheartened, debased in character, and depraved in morals. Their moral energies are destroyed—their pride of character is lost. They sink into hopeless despondency, and are content to live upon charity, and become drones in society; or they resort to some more criminal method of obtaining a livelihood. The only way in which this can be prevented, is by dividing up the overgrown fortunes as frequently as possible, and in that way prevent their being augmented and perpetuated in the hands of a few.

This is not, however, to be done by any forced act of division, or the remedy would be worse than the disease. All that can be done, is, to leave things to their natural course, and not aggravate the evil, by laws calculated to favour the accumulation of large fortunes; or where an unnatural disposition is evinced, of not making an equal division among children,

or of exercising power over it, in the grave, such a disposition should be corrected, by abolishing the law of devises. No man has a natural right to devise his property. He has a right to use the earth, while he lives upon it, but when he descends to the grave, it belongs to somebody else. The power of devising, is a mere creature of the law, and it may well be doubted, whether the community derives any benefit from it. It certainly may be made the instrument of much mischief, more especially in a country where an equal division of property, would take place without it.

If those who possess the whole surface of the earth, and all the wealth in the community, would, with becoming liberality, consume all the surplus product of the labour of the poor; or, in other words, if they would always enable the poor to obtain a subsistence by their labour, an unequal division of property would not, necessarily, produce poverty, pauperism, and the other evils we see existing in society, as consequences of such unequal division. If the rich will take upon themselves the incumbrance, and bind themselves, to cause *consumption*, to tread upon the heels of *production*, both of the necessaries and comforts of life; then would that dependence of the poor upon the rich, which the present unequal division of property produces, be destroyed. Let this be the condition, or the tenure by which the rich hold their property, and poverty and pauperism would no longer be the necessary consequence of an unequal division of property.

It may, therefore, be assumed as an axiom in political economy, that any unequal division of property,

produced by artificial means, is detrimental to national prosperity and wealth. Every system which has such a tendency, is in violation of the laws of nature, and calculated to produce misery and national distress. It will, hereafter, be shown that a principal evil of money corporations, banks, and a national debt, is their tendency to produce an unequal and an unnatural division of property.

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## CHAPTER III.

### *Pauperism.*

No subject relating to the science of political economy, has excited so much interest, and attention, of late years, in England, as that of pauperism; and in this country it is beginning to make a conspicuous figure in our political discussions. It is a subject of the first importance, both as regards its influence upon the moral character, and upon the happiness and prosperity of a nation. It cannot, with any propriety be said, that a nation enjoys a very great degree of national wealth, when a large portion of its citizens are destitute, not only of the comforts, but, also, the necessaries of life.

The magnitude to which pauperism has arisen in England, has greatly excited the apprehension and alarm of the public spirited men of that country. In reading their periodical publications, one would be led to suppose, that an universal terror pervaded the

nation, in consequence of the rapidly increasing evil of pauperism; and not only the solitary, but the combined efforts of men of the most eminent talents, of the most extensive erudition, of the most patient research, and of the greatest experience, have in vain sought for the "causes and cure of pauperism." The labours of pamphleteers, reviewers, and parliamentary committees, have been alike *unproductive*, because *fruitless*, upon this subject. They have not yet discovered, nor made any approaches towards discovering the *cause*, of pauperism; and until they discover the cause, we may be very sure, that their political Pharmacopoeia, however, voluminous it may be, will never enable them, to make such an admixture of drugs as will cure the disease.

The most prevalent opinion at present in England, seems to be, that the pauperism of that country has been mainly produced by a couple of statutes, passed in the reign of Elizabeth, providing a compulsory assessment, upon the different parishes in the kingdom, for the support of the poor.

They do not pretend that these statutes are the sole cause of their pauperism, because every one knows, that the old, infirm, and the sick, who depend on their labour for subsistence, must be paupers in all countries, and under every system. The amount of their doctrine, seems to be, that these statutes, and the manner in which they have been administered, have had the effect of making paupers of all, "strong beggars, persons whole and mighty in body," or, in other words, of all those who have health and strength to labour for subsistence. These statutes, they tell us, by making provision for a compulsory

assessment upon the property of the parishes for the support of the poor, "have relaxed the natural excitements to industry and foresight, and thus multiplied the instances of wretchedness, beyond the power of relieving them; that they have relaxed the obligations of relationship, and thus, for the substitution of certain regulated services, withdrawn from the helpless, the far kindlier and more effective services of their own kindred or their own offspring."

It is, however, unnecessary to state the reasoning on this subject at length; it is familiar to every man who has been in the habit of reading the popular publications in England, during the last twenty years. The most concise and comprehensive statement of the doctrine, which I can make, is, "that every man who enjoys health and strength, is capable of providing himself with the necessaries of life, by his own labour, and, therefore, it is not only unnecessary, but injurious, both to the recipient and the public, for the public to make any provision for supplying him."

If this proposition be sound, then the statutes of Elizabeth may properly be said to have caused all the sturdy paupers in England. But I am much mistaken if this proposition cannot be demonstrated to be false; not merely proved to be false by ingenious, speculative reasoning, but demonstrated to be false.

I am, however, far from believing, that the English method of supporting their poor, by compulsory assessments upon parishes, is a judicious one. I shall readily admit, that it has an injurious moral effect upon the character of paupers, and that it may, in some small degree, increase the number of pau-

pers. The method of supporting paupers by parish assessments, may increase the virulence of the disease of pauperism, and it may, in some measure, increase the quantity of the disease, if I may be allowed such an expression, but it is not *the cause*, nor the *principal cause* of the disease, nor will it be possible to cure the disease, by removing this cause.

The disease of pauperism, (for it is in reality a disease, when composed of "sturdy beggars," who have health and strength to work,) proceeds from an entirely different cause from the one, to which it has been usually attributed; and so long as that cause remains in its present magnitude, the disease will remain, in very nearly the same magnitude, modify it how you will. And farther, the cause of that disease is one, over which the "sturdy beggar" has little or no control—he has no power to remove it. An individual "sturdy beggar," possibly may have, as regards himself, but I speak of "sturdy beggars," in general, the mass of them.

Pauperism, "of sturdy beggars," is an excrescence upon the body politic, produced by an unnecessary violation, or abuse, by the government, of the laws of nature, in regard to man; and the English system of supporting paupers, is also an abuse or breach of the laws of nature, adopted, as a remedy for the evil produced by a precedent violation of those laws. Thus one unnatural system renders another unnatural system necessary, as a counterpoise.

With the system of political economy, which prevailed in England, at the time the statutes of Elizabeth, for the support of the poor were passed; and with the system that has, ever since prevailed in that

country, it was, and is, the indispensable duty of the English government to adopt some compulsory system for the support of the poor. Whether they have adopted the best that could have been adopted, is a different question, but some system of that kind, they were bound, by every principle of justice, to adopt.

The unequal division of property, in England, is the cause of the pauperism in that country. (I mean of course the pauperism of those who have health and strength to work.) Pauperism is the necessary consequence of an unequal division of property, and must, in all countries, and under all circumstances, be in very nearly the same proportion with that unequal division.

By paupers, I mean those who have not the means of supporting themselves, by their own industry, but are obliged to rely upon the bounty of others for subsistence.

This may be thought a bold assertion, but I believe it can be proved to be not more bold than true. Full justice could not be done to this subject, without writing a volume, nor without a much more abundant supply of both materials and time, than I have at my disposal. All that I propose to do, or have it in my power to do, at present, is to give an abstract view of the principles which govern this subject. An analytical examination of different nations and countries, would, perhaps, be a more satisfactory mode of reasoning, to those who place more reliance upon facts, than principles; but mathematical demonstration ought to satisfy every man, especially when corroborated by the particular history of every country, so far as we have a knowledge of their history.

A certain degree or portion of pauperism must necessarily exist in all countries, because an unequal division of property must necessarily exist, to a certain extent, in all countries. Nature intended that this should be the case, or she never would have made men unequal in strength, capacity, and power.

"The poor, always, ye have with you," was said by Him, who needed no instruction, as to what was always to be the condition of this world. But although nature intended there should be an unequal division of property, and consequently that there should always be *poor* in every community and nation; yet she did not intend that their number should be increased by an unequal division of property produced by unnatural and artificial means.

Although an unequal division of property, is the sole *cause* of pauperism, yet it is not to be inferred, that a complete *cure* can be devised for this evil, admitting pauperism always to be an evil. We might as well expect to eradicate disease from the world, as to expect to eradicate poverty from it. All that can be expected on this subject, is, to correct its excess, and prevent it from destroying the body-politic.

If an unequal division of property, be the sole cause of pauperism, and this inequality in the division has been augmented, by artificial means, and unequal laws, then we may be very sure, that so long as this unequal division remains, the evil of pauperism will remain in its present magnitude in some shape or other; and that the only way in which the evil can be reduced within proper limits, is, by correcting the laws, which have produced the unequal division of property.

Poverty and pauperism are not the necessary consequence of idleness, nor vice, nor sickness, nor old age; for we see many people, who are idle, and vicious, and sick, and old, and who do not in the course of their lives, do a single thing, to produce either the necessaries or comforts of life, yet enjoy them in abundance, all their lives. I do not say, that these causes do not often produce pauperism, but only that pauperism is not their necessary consequence. In other words, they are not *cause* and *effect*.

Neither is the enjoyment of the necessaries and comforts of life, the necessary consequence of industry, virtue, health, and strength. These do not stand in the relation to each other of *cause* and *effect*. There are multitudes of people in the world, who are industrious in their habits, virtuous, prudent, and who also possess health and strength to labour, and yet are destitute of the necessaries and comforts of life, and of the means of procuring them. It may be admitted, that this is not ordinarily the case, but this will not prove that it may not be, for we all know that it often is the case.

If then all the people were made ever so industrious, and moral, it would not follow, that those who had health and strength to labour, would not often be in want of the necessaries of life.

There is a necessary connexion between the product of labour and pauperism. If a man enjoys a competent share of the product of labour for his support, he will never be a pauper, whatever his character and habits may be. If he does not enjoy a competent share of this product for his support, he must be a pauper, be his habits and character what they

may. The product of labour, then, and pauperism, stand in the relation to each other, of *cause* and *effect*. But the necessary consequence of an unequal division of property, is a corresponding inequality in the division of the product of labour. The very object of property is to enable the possessor to procure a proportionable share of the necessaries and comforts of life, or of the annual product of labour.

The true way to estimate the value of property, is by the revenue it will yield, or the amount of the necessaries and comforts of life the owner can obtain for its use, or the share of the annual product of labour it will enable him to procure. Those who possess the whole surface of the earth, and all there is on it, must also possess all the fruits of the earth, which constitute the sustenance of all mankind.

The fruits of the earth, or the annual product of labour are not sufficient to supply the wants of men, nor is it possible in the nature of things, that they should be sufficient for their supply. The wants of men are indefinite and unlimited. If a man's possessions are doubled, he wants them trebled, and if trebled, he wants them quadrupled.

Man's wants are not confined to the necessaries of life, or to what may be termed his natural wants. As soon as these are supplied, artificial wants spring up, which must also be supplied, so far as he has the power of supplying them; and these may be augmented indefinitely, and are always sure to exceed his power of supplying them. These are all to be supplied out of the annual product of labour, and the power of supplying them, depends upon the amount of property a man possesses. The product of one

man's labour may be adequate to supply the natural wants of five men; but it may require the product of the labour of five hundred or a thousand men to supply the artificial wants of one man.

This is a wise provision of nature to keep men at their work—to prevent them from being idle, and to compel them "to eat bread in the sweat of their faces." This furnishes the motive for industry and enterprise; and is in fact the operating cause, which has reclaimed mankind from barbarism, and produced all the improvements in civil life. This principle therefore, is salutary in its nature, and ought to be fostered and preserved; but like every other principle, it is liable to abuse; and the great object of government should be to prevent its abuse, and preserve its salutary operation.

If then it be true, that an unequal division of property, produces a corresponding inequality in the division of the product of labour, or of the necessaries and comforts of life; and if it be also true, that the annual product of labour is not adequate to supply the natural and artificial wants of men, it follows as an inevitable consequence, that pauperism in one shape or another, must prevail in proportion to the unequal division of property.

That this will be the case to a fractional exactness, is not pretended; particular causes may have their effect in increasing or diminishing the number of paupers, at particular times, and in particular countries. I mean merely to assert the general doctrine, that pauperism depends on the unequal division of property, and will, as a general rule, be in proportion to that unequal division. It will then follow, that the only

effectual remedy for the evil of pauperism, is such a modification of the laws of a country, as shall produce a more equal division of property.

If the annual product of labour, be a given quantity of the necessaries and comforts of life, adequate, we will suppose, to the comfortable support of all the individuals of a nation, provided there should be an equal distribution of it; if one-fourth of those individuals get possession of, and consume three-fourths of that produce, then the other three-fourths of the people can only have one-fourth of the produce for their support. This is as true, as that the whole is equal to all its parts.

I know that it does not necessarily follow, that because one man is rich, others must be paupers. An equal division of what remains of the product of labour, after the share of the rich man has been deducted, will, no doubt, give each one such a share, as to enable him to support life, without any assistance from the bounty of others; and it might, after the shares of a hundred, or a thousand rich men had been deducted; but there never was, and never will be, an equal division of the remainder, after these great fortunes, or great shares, have been deducted. The same unequal division must and will prevail throughout; it was never known to be otherwise, unless in those arbitrary governments, where there are but two classes of people—the tyrant and his nobles, who possess all the wealth; and the slaves, the people, who not only enjoy the necessaries of life, but life itself, at the will and pleasure of their masters.

In countries, where there is a tolerable share of freedom, there is but one class of people, among whom

equality prevails, as it regards their portions of the necessaries of life, and that is the class that stands upon the very brink of starvation. There is another, and a larger class, who are upon an equality as to property, and that is the class who have no property at all. This class possesses no artificial power of acquiring the necessaries and comforts of life. In this respect, the individuals composing this class, are below the average, or natural grade of men; for, if the surface of the earth was equally divided among men, each man would have some.

But although this class is upon an equality with each other, in this respect, and below the natural grade, as it regards property, or artificial power of acquiring the necessaries and comforts of life; yet, in regard to their natural powers, there may be, and indeed, always is, a very great inequality among them. One may have more strength, more talents, more skill, more industry, more character, than another; and upon all these, will their capacity for acquiring a portion of the annual product of labour depend, which causes a still greater inequality in the division.

Suppose the product of labour to consist exclusively of the necessaries of life, and that product to be just equal to the support of all the people. If one man should get a double share, then the unsupplied wants of some one, or all the others, would be equal to the share of one man; and if one man should get an hundred shares, then the unsupplied wants of the others, would be equal to the supply, or to what would be necessary for the supply of a hundred, or rather, of ninety-nine men; and if each should get his share, except the ninety-nine, they must either starve, or

depend upon the bounty of others for support—they would become paupers. After the man had taken out his hundred shares, there would be a contest of talents, strength, and skill, for the remainder; but, as there would not be a sufficiency for all, the lot of want and starvation must fall somewhere. If there be some who have two shares, others five, others ten, others twenty, others fifty, others a hundred, and others a thousand, as we see to be the case, in the division of property, and consequently, in the division of the product of labour, throughout every society, though to a much greater extent in some societies, than in others; it will follow, that a proportionate number must be wholly deprived of the means of subsistence, and must either starve, or live upon the bounty of those who have more than is necessary for their support.

It is true, that this sort of mathematical precision, never takes place in the distribution of the necessaries of life. Nature, in her operations, is not governed by any mathematical, or metaphysical rules. These are only useful in aiding the weak and feeble reason of man. Admitting that the product of labour is just adequate to the support of the people, and still some may get more, and others less, than their average share, without producing pauperism; but such an unequal division, must produce want and distress some where.

But the product of labour is more than sufficient to supply the people with the necessaries of life, for it supplies them with a large portion of the comforts also, and it may possibly be said, that an unequal division of property, only produces an unequal division

of the comforts of life, and does not, therefore necessarily, produce pauperism.

If this were so, I admit that pauperism would not be the necessary consequence, even as a general rule, of an unequal division of property. Is it then true, that an unequal division of property, only has the effect of producing an unequal division of the comforts of life? Are the necessaries and comforts of life distributed according to different rules? Has nature provided different laws for their division?

In order to ascertain this, we must observe the operations that are constantly going on in society, and remark the manner in which the annual distribution of the product of labour is made.

A distinction must be made between those who obtain a portion of this product, in consequence of the property they possess, and those who obtain a portion as a reward for their labour. This distinction is not conjured up, for the sake of the argument, but it exists in the nature of things. Those who own the whole surface of the earth, and all that is on it, are entitled to all the fruits of the earth, that is, the whole product of labour, in the first instance. Those who own no property, are not entitled to any portion of the fruits of the earth, except as a reward for their labour.

If, from any cause whatever, either the want of inclination, ability, or employment, they do not labour, they will be entitled to no portion of the product of labour, unless it is gratuitiously bestowed upon them, by those to whom it belongs. Such is not the case with the man who owns a portion of the surface of the earth—he will be entitled to its fruits, whether he

labours or not. Those fruits, it is true, will be very scanty, unless he either labours himself, or hires some body to labour for him; but still he will be entitled to a portion of the product of labour, without labouring himself.

It does not, therefore, depend upon the will of the man who has no property, whether he shall have any portion of the product of labour; but upon the will of the man who has property. If those to whom the whole surface of the earth belongs, choose to say that those, or any portion of those, who have no property, shall not labour; or, in other words, if they do not choose to employ them, they will, by the established laws of property, have no legal right to any portion of the product of labour; and must starve, unless supported by the bounty of others—they must become paupers. This is the case, both with regard to the necessaries and comforts of life. Both are distributed upon precisely the same principles. The whole is distributed upon the principles, or laws, which apply to property.

But as the principles which apply to property are primary in their operation; and those which apply to labour merely secondary; it follows, that the whole must, in the first instance, be distributed, according to the laws of property, and must, therefore, be in proportion to the unequal division of property.

After the portions of those, who get more than an average share are deducted; or rather, after the product of labour has been divided among the property holders, according to their respective portions of property, and they have appropriated such portions of it, as they see fit, for their own consumption; the balance

is to be divided, among those who have no property. Here another division is to be made upon principles which apply to labour, talents and skill. There is not enough, nor can there be enough, to supply the wants of all, and, therefore, each must get what he can. In this scramble, their maxim is, "the devil take the hindmost." Those who have the most strength, most talents, most skill, most industry, most character, most good fortune, will get the greatest share of what is left. Some will get shares equal to the share of large property holders. In proportion as some get more, others must get less; and so the shares grow less and less, from the top of society, to its base; and those who are last, will get none at all, unless they get it from the bounty of the more fortunate; and, therefore, they become paupers.

If the rich, or the property holders, were obliged to accept of the labour of the poor and to give them a portion of the necessaries of life, adequate to their support, as a reward for their labaur; or, if they would voluntarily do this, then pauperism would not be the necessary consequence of an unequal division of property. Then the necessaries and the comforts of life would be distributed upon different principles. The latter upon the principles, or laws, of property, and the former upon the principles, or laws, of labour. Then a man who had health and strength, and a will to work, could always procure the necessaries of life by his labour, and there would be no necessity, either for the public, or for individuals, to make provision for "sturdy beggars."

The only way in which this can be done, is by making *consumption* tread hard upon the heels of

*production.* If the rich will consume all the product of the labour of the *poor*, and give them the necessaries of life in exchange for their labour, all pauperism may be banished the country, except what is produced by sickness, infirmity, and old age.

If the product of labour could be augmented to an indefinite extent, or be made to exceed the wants of mankind, then an unequal division of property, would not necessarily produce pauperism; but every son of Adam knows that there is no limit to the wants of man, and that every man will appropriate to himself, all he can lawfully get, and many, a great deal more. There are, to be sure, many prodigals, who will not only spend the whole of their own revenue, but also as much of the revenue of others, as they can get; and thus reduce, not only themselves, but their neighbours to beggary. This is an evil, however, out of which arises some good. These persons give employment and support to certain classes of people and prevent *accumulation*, but the same revenue expended prudently, according to the strict rules of economy, would give employment and support to much more useful classes of people.

But all the good arising from prodigality, is more than counterbalanced by the evil arising from avarice and parsimony. Those who hoard up for posterity, are, themselves, guilty of committing pauperism, in a greater or less degree, upon the present generation, while they enable their posterity to commit pauperism upon future generations.

They commit pauperism themselves, by refusing to give employment to those who have no property, so as to enable them to live by their labour. Accord-

ing to the laws of property, a man may not labour on another's land, nor in his manufactory, nor on board his ship, without the permission of the owner; nor according to the laws of nature, can he labour there, unless the owner will give him the necessaries of life for his labour. The owner will not give him the necessaries of life for his labour, unless the product of labour will sell for somewhat more than enough to defray all expenses. This it will not do, unless the article produced by the labour is wanted for consumption, or if the market is overstocked. Whether a labourer therefore can get employment depends upon whether those who have the means, will consume the product of his labour. The manufacturer will not give him food for making cloth, which he cannot sell. The farmer will not permit him to raise corn upon his land, unless he can sell that corn for somewhat more than it costs to raise it. How often do we see this reasoning exemplified in England, and even in this country!

It seems to be generally supposed, by writers on this subject, that every man may get work if he pleases, notwithstanding the unequal division of property, which is not much less absurd, than to suppose that every man can be rich: and to suppose that every man can be rich, is equivalent to supposing, that the whole is less than all its parts. We see multitudes of instances every day of men who are able and willing to work, but who cannot get work. No reasoning is necessary to prove that a manufacturer will not give labourers even their food to make cloth for him, if the cloth will not sell for as much as the cost of making it. We all see and know that the

property holders in Baltimore will not employ the mechanics to build houses for them, if those houses will not rent nor sell for as much as it costs to build them.

But although we see that this is the case in particular branches of business, we are apt to suppose it not the case in all; and that if men cannot find employment in one branch of business, they may in another. Agricultural labour, it is said, will always produce as much, or more, than the labourer consumes, and is never necessarily a losing business, either to the land owner or labourer, and therefore, those who have not employment in other branches of business, may always find it in this.

To a certain extent this may be ordinarily the case, but it is by no means always the case. It might be a very losing business for a farmer to employ a sailor, or weaver, or tailor, to raise corn for him, even at the price of the necessaries of life, which they would consume while employed. But it is ten to one, that half of these people would starve, before they would think of going to the farmer for employment.

The farmer, however, may not choose to have his land cultivated, even though the production might somewhat exceed the expense of cultivation. He has probably already as many labourers as are necessary to cultivate his lands according to his present mode of cultivation, and he does not care to adopt a different mode, merely for the purpose of giving employment to the poor. He will probably prefer to convert a part of his lands into parks and pleasure

grounds for his own amusement. Without the consent of the proprietor the labourer may not toil.

In such a state of things the only alternative for the poor man, who is willing to work, is to exercise his ingenuity, in creating some new artificial want in the rich, for the supply of which, he will give him bread. If he is successful in inventing a new piece of luxury, he is a happy man, and may save himself and family from the alternative of starving, or living on the bounty of others.

In the present state of statistical knowledge, it is not possible to ascertain with precision the relative proportion between the unequal division of property and pauperism in different countries, and in different ages of the world. It would be a most auspicious thing for the science of political economy, if statistical tables could be formed, showing the extent of pauperism in different countries, and the proportion it bears to the unequal division of property, and a writer who shall collect and arrange the historical and statistical knowledge upon this subject, in a manner somewhat similar to what Malthus has done upon the subject of population, will render an important service to the science of political economy.

So far as our historical knowledge upon this subject goes, it will be found to corroborate the doctrine, that pauperism, or dependence upon the bounty of others for support, (for it is the thing, and not the name, to which I allude,) is always in proportion, or very nearly in proportion, to the unequal division of property. This ever has and ever will be the case in all countries, and in all ages, and to suppose that a part of a community can be immensely rich, without pro-

ducing a corresponding degree of poverty and pauperism, is not less absurd, than to suppose the *whole* to be less than all its parts.

"Wherever there is great property, there is great inequality. For one very rich man there must at least be five hundred poor, and the affluence of the few supposes the indigence of the many."*

Individual wealth, I admit, does not necessarily produce pauperism, where the individual expends the whole of his revenue in supporting the labouring poor, by consuming the product of their labour, and giving them in exchange the necessaries of life for it. This, however, is not to be expected so long as selfishness constitutes a trait in human character.

The subject of controversy is not pauperism in any particular form and shape, for its mode of existence depends entirely upon the institutions of the country. In one country, it may exist in the shape of strolling mendicity; in another, in the shape of a sort of pensioned poverty; in another, in the shape of retainers, clients, dependents, in various shapes; in another, in the shape of feudal vassalage; and thus it may be modified indefinitely, according to the nature of the government, and according to the provision made for its support.

Pauperism, therefore, always presents two questions for the consideration of the politician. First, to what extent shall it exist.—Second, in what form shall it exist.

From the most authentic accounts we have of ancient nations, it appears that pauperism, as above ex-

* Wealth of Nations, book v. chap. 1.

plained, that is, the dependence upon the bounty of others for support, prevailed to a very great extent; and it would seem, was always in proportion to the unequal division of property. "The number of citizens," says Mr. Hume, "who received corn, by the public distribution, (in Rome) in the time of Augustus, were two hundred thousand." If to this we add the number of retainers, dependents, and slaves, who were supported by the wealthy, it will appear that pauperism prevailed to at least as great an extent in Rome, as it does in England.

If we examine the history of the middle ages, it will be found, that the same cause constantly and invariably produced the same effect. The villains, knights, and dependents, of various descriptions, were always in proportion to the unequal division of property, and it is, to this day, the same case in Russia and Poland. These persons as much depended upon the bounty of others, for subsistence, as the present paupers of England. They neither procured the necessaries of life, by their own labour, nor had they any thing to give in exchange for them.

"In a country," says Adam Smith, "which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the quarter part of the produce of his lands, which is over and above the maintainance of the cultivators, consumes the whole in rustic hospitality at home. If this surplus produce, is sufficient to maintain a hundred, or a thousand men, he can make use of it in no other way, than by maintaining a hundred, or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers, and dependents, who,

having no equivalent to give in return for their maintainance; but, being fed entirely by his bounty, must obey him, for the same reason that soldiers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, exceeded every thing of the kind which we can, at present, form a notion of. Westminster Hall was the dining room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence, in Thomas Becket, that he strewed the floor of his hall with clean hay, or rushes, in the season, in order that the knights and squires, who could not get seats, might not spoil their fine cloaths, when they sat down on the floor to eat their dinner. The great earl of Warwick, is said to have entertained every day, at his different manors, thirty thousand people; and though the number here may have been exaggerated, it must, however, have been very great, to admit of such exaggeration. A hospitality of nearly the same kind, was exercised not many years ago, in many different parts of the highlands of Scotland. It seems to be common to all nations, to whom commerce and manufactures are little known. I have seen, says Dr. Pocock, an Arabian chief dine in the streets of a town, where he had come to sell his cattle, and invite all passengers, even common beggars, to sit down with him, and partake of his banquet."

This was pauperism, though in a different form, as much as the present pauperism in England. The persons whom the old earl of Warwick supported, out of his immense revenue, were dependent on him for support, and therefore, paupers, as much as those

who now depend upon the present dukes of Bedford and Norfolk for support, or who are supported by the compulsory contributions, levied upon their immense estates; and if they, and the other men of immense wealth, of England, would expend their revenues as liberally as the old earl did, there would be as little occasion for forced contributions now, as then: and the men of wealth, of the present age, have this advantage over those old feudal barons. They are not required to give the necessaries of life gratuitiously, for if they will but wear, and otherwise consume the product of the labour of the poor, and give in exchange the necessaries of life, it is all that is required; or, if they will but let them work on their land, and furnish them with food and raiment, while thus employed, it will save the necessity of forced contributions, for the support of "sturdy beggars;" but if this will not be done, these "sturdy beggars" must starve, or live upon charity.

The knights, squires, and dependents, of the old feudal barons, were, no doubt, a much higher order of beings than the present paupers of England; but this was owing to the character, manners, and occupation of the times, and not to those circumstances which constituted them paupers or dependents. This also shows, that there is some radical vice in the English government, or their system of civil polity; for when improvement in the arts and civilization, degrades men in the scale of being, instead of elevating them, we may be assured, that there is some perversion or abuse of the laws of nature.

In the United States also, we find that pauperism prevails in different parts, in proportion to the un-

equal division of property. There are more paupers in the cities than in the country, and fewer in New England, than in any other part of the country; because property is more unequally divided in the cities than in the country, and less unequally divided in New England, than in any other part of the country.

In proportion to the population and the annual product of labour, I believe I hazard nothing in asserting, that the number of paupers, or those who lived upon the bounty of others, was as great in England, and in Scotland, in the time of the Edwards and the Henrys, as at the present day; and that pauperism, neither then, or now, can be traced to any other cause, than the unequal division of property.

In days of old, and in an age of different manners and customs, this class of people was distributed among the great landholders, the rich men of the country, and occasionally, no doubt, rendered them some small service, which was considered an equivalent for their support Such was the condition of the peasantry of Scotland even down to a late period, and is even now the case, in a great degree, among the Highlanders.

Let the rich men in England, divide the paupers among them, in proportion to the magnitude of their estates, and they will, for their support, render them as much service, as was rendered by the feudal vassals to their lords. If they refuse to do this, let them not complain of compulsory assessments, for the support of the poor. If they can, however, find a more eligible mode of supporting them, provided they do but support them, let them do so. So long as they are permitted to have an exclusive title to the surface of the earth, let them not complain that they are

obliged to afford the necessaries of life, to those who have nothing; especially so long as those who have nothing, show a willingness to labour. Let them not say to a man willing to labour, "go elsewhere and seek it, I have no employment for you;" for it is the duty of the rich either to bestow charity, or furnish labour.

Upon this subject we must be careful not to be deceived, as to what constitutes an unequal division of property. Property is more unequally divided in England, than in any country in Europe. I know it is generally supposed that property is not so unequally divided in England as in France, Germany, Spain, and Russia. This is, however, a mistake.

There may be ten men in France who possess more property than any twenty men in England, and yet property be more unequally divided in England than in France. The division of property means the whole property and not a part of it. If after the shares of the ten rich men in France is deducted from the whole mass of the annual product of labour, the balance is equally divided among the remainder of the people; it may give every one such a share as to elevate him above pauperism. But if, after the shares of the twenty rich men in England is deducted from the whole mass, the balance is very unequally divided among the remainder of the people, it may reduce a host to pauperism. This is precisely the case of England, when compared to the other countries of Europe. In England the unequal division extends from the base to the summit of society. In the other countries, there are a few very rich, and the remainder are more nearly upon an equality. If then paupers are more numerous in England than in any

other country in Europe, it can be accounted for, from the unequal division of property. As there are more people in England, who enjoy more than an average share of the necessaries and comforts of life, in proportion to the whole population, there must also be more who enjoy less, and of course, there must be more who, at some seasons of the year, or at some periods of their lives, must depend upon charity for support.

In political economy, as in every thing else, men are extremely liable to be deceived by appearances. They look no deeper than the surface of things. They see an immediate cause of an evil; and they think by removing that cause, the evil will also be removed, without once reflecting that the immediate cause may not be the primary cause; and, that the only consequence of their work, will be, to change the form and shape of the evil.

The Scotch reviewers look upon the statutes of Elizabeth, providing a compulsory assessment for the support of the poor, as the cause of pauperism, and in this they reason about as wisely as the Scotch peasant did, who, observing that warm weather continued as long as the swallows remained in the country, concluded, that by keeping the swallows in the country, the year round, warm weather would continue the year round also, and set about catching the swallows for that purpose. Those statutes may have given pauperism its present form, but they are no more the *cause* of pauperism, than swallows are the cause of summer.

These learned gentlemen perceive that those statutes give the present form and shape to pauperism,

and, therefore, conclude they are the cause of it. They would have us believe that every man with health and strength may, if he will, earn his own bread, and that you have only to apply the spur of necessity to him, in order to make him do this; or, by improving his habits and morals, which will make him scorn to live upon charity, you at once give him a capacity to acquire the necessaries and comforts of life, without the aid of public or private charity. These writers never ask themselves what would be the consequence, the present unequal division of property remaining, if every man in the kingdom, was as industrious and moral as he might be, or as they could wish. They never consider that pauperism is the effect of an inequality in the power of men to obtain the necessaries and comforts of life, and that if A. possess a power which equals one hundred, and B. a power which equals ten, and each is increased tenfold, the relative difference between the power of the two remains the same.

Improving the habits and morals of the poor would no doubt, have a tendency, in some degree, to restore the original equality among men. It would lessen, in some degree, the difference that now exists, between the rich and the poor, as it respects their capacity to acquire the necessaries and comforts of life. Laziness and vice destroy the natural powers of man, and equality is as effectually destroyed, by diminishing the weight in one scale, as by increasing it in the other, but if the weights in each scale be either increased or diminished, in the same proportion, the same inequality will remain. In this particular the rich and the poor may be considered as the opposite

ends of a beam, balanced upon a pivot. In proportion as the one end is raised the other must sink. If then the habits and morals of the whole community were raised in the same proportion, the same inequality would remain; and the number of those who depended on the bounty of others for support, would be as great as at present.

Suppose some of the present paupers in England, had lived four centuries ago, with their present skill in the arts, and in agriculture. Would they have found any difficulty in procuring the necessaries and comforts of life? On the contrary, they would have possessed a power which would have enabled them to procure them, in the greatest abundance. And why does not the same skill avail them now? Because the whole mass of population have increased their skill in the same degree, and property now produces the same inequality in power, that it did then.

Had our political philosophers of the present day, have lived in those days, and could they have perceived the great augmentation of the power of the poor, by their skill and improvement in the arts, and in agriculture, they would have concluded, if they had reasoned as they now do, that nothing but this power was wanting, to banish for ever, dependence and pauperism from the kingdom; nevertheless, this augmentation of power has taken place without having any effect whatever in diminishing pauperism; but the complaint is, that it constantly increases, which is, no doubt, the fact, in proportion as the inequality in the division of property increases. Now they say, if the poor could be made industrious, economical and virtuous, it would *cure* the evil of pauperism,

without once reflecting, that the same causes will produce the same effects, throughout the whole mass of society, and augment the power and capacity of the rich, as well as that of the poor.

This would, no doubt, change the character of paupers and pauperism. It would substitute virtuous, and industriously disposed paupers for vicious and lazy paupers, in the same manner that improvement in the arts has substituted skilful for unskilful paupers, but the one cause no more than the other, would ever substitute wealth for poverty.

That paupers are lazy, unthrifty, and improvident; that a great portion of their want and misery is produced by their own vice and folly, is a lamentable truth; and it is equally true, that one of the best modes of relieving their wants, is by improving their morals, and correcting their lazy, vicious habits. This is an universal truth, applicable to all mankind.

Morality, virtue, and industry, are the best antidotes to misery in high life, as well as in low; but it does not follow, that improving the morals of the poor, would augment the annual product of industry, so long as the present unequal division of property remains. It does not follow, that improving the morals of the people, would increase the demands for labour, nor would it give them any title to a portion of the product of labour. The demand for labour, probably, is not more effectually supplied, in the present state of morals, than it would be, in an improved state; and a farmer will not hire a poor man to raise corn for him, which he cannot sell for the expense of raising it, because he is poor and industrious. If he

wanted labour, he would, no doubt, give such a man the preference, over a vicious or lazy man; but if all were honest and industrious, there would be no preference upon this ground, and some would still be without employment. The product of labour might be adequate to the comfortable supply of all the people, provided any thing like an equal distribution should take place; but if the distribution was very unequal, which is the necessary consequence of an unequal division of property, the lot of want must fall upon some.

The prevailing errors of the day on the subject of pauperism originated with Mr. Malthus, in his treatise on population. Mr. Malthus' theory of population is certainly ingenious and plausible, and for the most part sound, although it is calculated to leave very erroneous impressions on the mind of the reader, in consequence of his not having treated the subject in conjunction with others, with which it is necessarily connected. Although his theory is founded upon the principles of nature, and although it is impossible to discover any flaw in his reasoning, yet the mind instinctively revolts at the conclusions to which he conducts it, and we are disposed to reject the theory, even though we could give no reason for rejecting it.

That the power of procreation in the human species is vastly greater than the capacity of the earth to yield them food, is an undoubted truth; and when there is not and cannot be food enough for all, that one class of the community should propagate their species, without the means of supporting them, and another class be compelled by law to support them out of their own stock, seems repugnant to the laws

of natural justice; and so far as the object of the laws, is the prevention of poverty and starvation, they are and must necessarily be vain and ineffectual; for when it is admitted, that the power of procreation in the human species is greater than the capacity of the earth to yield them food, it follows, that it is utterly impossible to prevent want and starvation, in the smallest degree by compelling one class of the community to furnish sustenance to another; for no sooner are the wants of one thousand supplied, than another thousand, and, perhaps two thousand, spring up whose wants are equally pressing. They multiply like Hydra's heads. It may as well be expected, that a river can be dried up, by emptying its water into the ocean, as that want and starvation can be prevented by compulsory assessments, and therefore, the conclusion is, that it is useless to make them, and unwise, and unjust to compel them to be made. This is the conclusion to which the theory of Malthus conducts us. But this conclusion is false.

Malthus' theory presupposes that the present proprietors of the surface of the earth—the property holders of the kingdom, have a perfect, absolute, and exclusive right to their property—that they have no more than their just share—that no injustice has been done to the poor, in consequence of those unequal laws, that have caused the present unequal division of property—that it is the fault of the poor themselves, that they are poor, and have not the means of supplying themselves with the necessaries of life—that the present possessors of property have a natural right to exercise authority over it when in their graves.

If it be admitted that all these principles are in perfect accordance with natural justice, or no greater infringement of the laws of nature, than is necessary for the support of the social compact.—If it be admitted, that one half of mankind have a right to take exclusive possession of the whole surface of the earth, and divide it as they please among their posterity, generation after generation; that they have a right to contrive every species of machinery for the purpose of augmenting their own power, and depressing that of the rest of the community, it might follow, that as it would be useless, for the rich to attempt to prevent pauperism by feeding the poor, therefore, it might be justifiable for them to decline doing it. But as I am not disposed to admit these principles, Mr. Malthus must prove them before his conclusions will follow.

If in consequence of unequal laws, the poor are in a worse condition than they would have been with equal and just laws.—If in consequence of these laws the rich have more property, and a greater portion of the product of labour, than they would have had with equal and just laws, the rich will not be justified in withholding from the poor the necessaries of life, upon the ground that it is useless to supply them. It is their duty to do justice without stopping to inquire what the consequence of doing justice may be. Let Mr. Malthus prove, that the rich men in England have not a greater share of property, than equal and just laws will entitle them to, and I will admit, that justice does not require them to support the poor, and that it is not expedient to make provision by law for their support; because by doing so, they can neither lessen the number of paupers, or diminish the amount

of suffering. There can be no doubt, but that the annual product of English industry, is abundantly sufficient to supply the population of the country with the necessaries, and a reasonable share of the comforts of life, provided there was a just and equal distribution of it; that is, a distribution according to the laws of nature, so far as it is practicable to preserve those laws in the social state, and so long as this is the case, it does not become the rich man, to say, that God has established such laws in regard to the increase of population, as that there must, necessarily be want, pauperism, and starvation, and make that an excuse or pretext, for not making, if not an equal and just division of the product of labour, at least such a division, as for the time being shall prevent starvation.

If Mr. Malthus will point me to a man, or to a class of men, who have no more property: or no greater share of the annual product of labour, than an equal and as just an administration of the laws of nature, as is practicable in the social state, would entitle them to, I will admit, that those men are in justice under no obligation to give any part to the poor, except what the laws of benevolence and charity would require them to give to the sick and infirm. They would be under no obligation to give to a man that was able to work, any more than a strong man, or a man of talents is under obligation to share these natural endowments with those who have less.

But in making these admissions, I shall require Mr. Malthus to admit, that a man who has more than his share of the product of labour, in consequence of unjust, or unequal laws, is bound by the laws of jus-

tice, to divide the excess, or at least a part of it with those who have less than their share; as much as a man is bound by the laws of justice, not to keep his neighbour's property, although he may have the power.

It is very convenient and very pallatable for those who have all the property, to preach up the inutility of making provision for those who have none; and with them a theory of population, or a system of political economy, which establishes such a doctrine would be likely to be very popular, and by taking half views of a subject, or one branch of a system of political economy, as Mr. Malthus has done, there will be little difficulty in establishing almost any doctrine on almost any subject. But all half views of subjects are necessarily imperfect, and no conclusions to which they lead, can be relied on.

The English mode of supporting their poor, may be a very bad one, but that the poor themselves have been caused by their poor laws, is no more true, than that the vassals of the feudal lords were caused by those laws.

The politicians and reviewers of England, may exercise their ingenuity, in devising means for relieving the country of pauperism, and for abolishing the poor rates. They may amuse themselves and the public, with their dissertations and schemes, but they can have no more reasonable hope of success, in the accomplishment of their object, so long as the present unequal division of property remains, than they could, of enabling a man to get rid of his shadow at noon-day. If they wish to remedy the evil of pauperism, let them set about amending their laws. Let

those laws be repealed, which have had the effect to produce the present unnatural division of property; let those laws of primogeniture, entail, limitations of real property, and devises, be repealed; and let the whole property in the kingdom, at least once in every generation, be resolved into the general mass, and be again divided among the people. Let them pay off the public debt, a principal evil of which has been to produce the present unequal division of property.—Let their private monopolies, money corporations, and peculiar privileges, be abolished. In short, let every law be repealed, the effect of which is, to give individuals enormous and unnatural revenues. Let this be done, and in the course of a century, the kingdom may be relieved of the principal portion of its paupers.

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## CHAPTER IV.

### *Stimulants to National Industry—War—Expenditure of Public Money.*

MEASURES of government, so far as they affect national prosperity and wealth, may be divided into two classes. First, those which have a tendency to cramp and paralize the energies of man, and therefore, produce poverty and distress, by lessening his capacity for acquiring the necessaries and comforts of life.

Of this description, are all tyrannical, unjust, and

oppressive laws, which unnecessarily restrain, or deprive the citizen of his liberty, or of the fruits of his industry; and all laws, which tend to produce an unnatural, and unnecessary inequality in the division of property. Of this description are all laws, which are unequal in their operation, and are calculated to give one class of citizens unnatural privileges, or advantages, over other classes. Laws, which may have this effect, may be as indefinitely various, as the transactions of men. Every thing which is the subject of regulation, is liable to unjust and partial regulation. It would, therefore, be in vain to attempt to enumerate the laws of this description. All that can be done, is to describe their general character, and to point them out by their effects.

Secondly, those measures which are calculated to develope the faculties of man, and stimulate his native energies. The effect of such laws is to augment his power, and thereby increase his capacity to acquire the necessaries and comforts of life. If we would augment national wealth we must augment the power which produces it. If we would increase an *effect*, we must give additional force to the *cause*. National wealth is the *effect* of labour. "In the sweat of thy face shalt thou eat bread." A measure, therefore, which is to augment national wealth, must augment the quantity of labour; it must stimulate national industry and enterprise.

Whether a nation is rich or poor does not depend upon climate or soil, for nothing is more common, than to see the utmost poverty and wretchedness, prevailing in countries upon which the bounties of nature have been bestowed with the utmost profusion:

while in those countries where these bounties seem to have been scattered most sparingly, the people enjoy the necessaries and comforts of life in the greatest abundance.

We are apt to suppose that nature has been partial in the distribution of her bounties, and that in a country with a mild climate, and a rich luxuriant soil, the necessaries and comforts of life, are to be obtained upon easier terms, than in a country with a cold unfriendly climate, and with a hard unproductive soil. But upon closer examination, we shall find this not to be the case.

Although the soil of one country may be more abundant in its productions, than the soil of another, yet the necessaries and comforts of life are not, for that reason, to be acquired with more facility in the one country, than in the other. It does not follow, that, because the same labour will produce four times as much corn in one country as it will in another, that, therefore, it will require less labour to acquire the necessaries and comforts of life, in the one country, than in the other; and if we were to form an opinion of this subject, from observation—from what we see to be the case in the different regions of the globe, we should be led to suppose that national wealth always existed in the inverse ratio of the productiveness of the soil, and that the necessaries and comforts of life, were less abundant, and more difficult to be acquired, in a fruitful, than in an unfruitful country.

If we look at different parts of this country we find a much greater degree of national wealth existing in those parts where nature seems to have been most

sparing of her bounties, than in those where she has scattered them with an unsparing hand. It is a notorious fact, that in the most rugged, inhospitable, and by nature, most unproductive parts of the country, the necessaries and comforts of life are more abundant, and can be procured with as little, if not less labour, than in those parts which enjoy a milder climate and more luxuriant soil. There is a much greater degree of national wealth existing in Connecticut and Massachussetts, than in Virginia or Georgia. In the former, the land is rugged, and comparatively, by nature, sterile, and the climate cold. In the latter, the climate is mild, the land by nature luxuriant, and easily cultivated, and its products more valuable. The same labour will probably produce twice as much food in the latter states, as in the former, and yet it is always less abundant, and bears a higher price in the latter than in the former states.

The same phenomenon will be found to exist in all parts of the world. Compare, for instance, Holland, with the island of Sicily. The former, a flat sunken country, reclaimed from the sea, and by nature wholly unproductive. The latter situated in a most delightful climate, and by nature one of the most luxuriant spots on the globe. Yet in Holland there is wealth and plenty, while in Sicily there is the utmost poverty and want.

Compare England with the fertile plains of South America. In the former, although situated in a high northern latitude, with a soil, by nature rugged and sterile, the necessaries and comforts of life exist in the greatest abundance; although, in consequence of their unequal distribution, there also exists a great

degree of poverty. In the latter, poverty and want overspread the land.

However strange it may appear, yet it is not more strange than true, that an individual must, as a general rule, expend as great a quantity of labour, to procure the necessaries of life, for himself, in a fruitful, as in an unfruitful country, and that the relative wealth of the two countries, will be in the proportion which the quantity of labour in each, bears to the number of people, independent of the fertility of the soil.

The abundance of the necessaries of life, depends on the quantity of labour, in proportion to the number of people, and not on the fruitfulness of the soil; and although the labour of an individual may, in one country, cause twice as great a production, as in another, yet the quantity which he can procure for himself, by his labour, provided he is not the owner of the land, upon which he bestows his labour, is altogether independent of the quantity produced, and may be less in the country where it produces most, than in that where it produces least.

The fruits of the earth, it must be recollected, are in the first instance, divided according to the principles or laws of property. The price of labour is altogether independent of the production. The same price is paid for labour bestowed upon an unfruitful as upon a fruitful field, although the production may be twice as great, in the one case, as in the other. This is perfectly obvious; although it may not be quite so obvious, that national wealth, in all countries, depends on the quantity of labour, and not in the smallest degree upon the fruitfulness of the soil.

That the same degree of industry in proportion to the number of people should make the necessaries and comforts of life, as abundant in a poor sterile country, as in a rich prolific one, sounds somewhat like a paradox to one not accustomed to observe the progress of wealth, and to reflect upon the causes which produce it; although every man on casting his eye over a map of the world, will see that this is, in reality the fact. Nothing is more common than to see the greatest degree of national wealth existing in those countries, which are by nature the most barren and unfruitful. The whole difficulty, however, vanishes as soon as we advert to the principles of population.

If one country is more productive of food than another, it will also be more productive of men. Nature has provided effectual means for keeping man to his work. If one country produces twice as great a quantity of the fruits of the earth as another, it will also contain twice as great a population, unless in consequence of unequal laws, such an unequal distribution of the product of labour is caused, as to prevent an increase of population by preventing a part of the people from obtaining their proper share.

The abundance, or scarcity of the necessaries of life, is to be ascertained by the number of people who are to be supplied with the existing quantity; and the national wealth of every country, depends upon the proportion which exists between the people and the necessaries and comforts of life; or, in other words, upon the capacity of the people for acquiring the necessaries and comforts of life. National power may depend upon the number of people, and will therefore

depend on the fruitfulness of the soil; but national power is a distinct thing from national wealth.

To illustrate this idea, let us suppose that the states of Virginia and New-York are of equal dimensions, and that the soil of Virginia is by nature twice as fertile as that of New-York, so, that a given quantity of labour will produce twice as great a quantity of the necessaries of life, as the same quantity of labour will produce in New-York. If the number of people was always to remain the same in the two states, and they were to derive the necessaries of life exclusively from their own agricultural labour, then it would follow, that the people in Virginia, with half the labour, would enjoy, as great an abundance of the necessaries of life, as the people of New-York would, with twice the quantity of labour. But when the principles of population are taken into the account, and the people multiply in proportion as food increases, so that Virginia has twice the number of people to support, it will be necessary that the quantity of industry in proportion to the number of people must be as great in the one state, as in the other, in order to make food equally abundant in the two states. And a labourer in Virginia will find, that although he raises twice as much corn with the same quantity of labour, as a labourer does in New-York, yet he gets no more corn for his labour, than the labourer in New-York. And if the quantity of labour in New-York, in proportion to the number of people be greater than in Virginia, national wealth will prevail to a greater extent in New-York, than in Virginia. The relative price of labour and food will be the same in both states.

The only way, therefore, in which national wealth

can be augmented, is, by augmenting the quantity of labour, or increasing the industry of the people. The powers of man are indefinite, and almost unlimited; but they remain inactive and dormant, until roused by some exciting cause.

WAR, often operates as a powerful stimulant to national industry, and thereby promotes national wealth. However repugnant this may be to the commonly received notions on this subject, yet there is scarcely a nation on earth, that has not, during some period of its existence, afforded an example in proof of the powerful efficacy of war in promoting national wealth, as well as national power. But fortunately for mankind, this is not the legitimate and ordinary effect of war.

As a general rule, it is no doubt true, that war is prejudicial to national wealth and happiness. The calamities of a desolating, exterminating war, are not susceptible of exaggeration. Its immediate effects are not only a "waste of human happiness and comfort, and the destruction of the laboured products of human industry and genius," but its remoter effects are the discouragement of industry, the corruption of morals, the oppression and tyranny of the government; and, in short, wretchedness and want in all their various shapes. In these respects the effect of war upon the body politic may be compared to the effect of intoxicating liquors upon the natural body. It produces a temporary excitement, and augments the physical and moral energies of the system, which is followed by a corresponding degree of relaxation, lassitude, and debasement.

But as the effects of stimulants upon the natural

body are often salutary, so they are upon the body politic. It is their injudicious and intemperate use, which causes their injury. I do not by this mean, that it is ever expedient to resort to war, as a means of promoting national wealth, for if this was the real object of a war, it would no doubt invariably fail of producing any beneficial effects, but when the injustice and aggression of foreign nations render a war necessary, it will often infuse a degree of energy into the body politic, which will greatly promote its wealth and prosperity.

Most writers on political economy suppose, that war has a prejudicial effect on national wealth, by causing the consumption of the product of labour, and thereby preventing *accumulation*. This, however, so far from being prejudicial, is in fact one of the modes in which war promotes national wealth. In this way it affords a motive for industry, and a stimulus to greater exertion, and often causes an increased production, much greater than the war expenditure.

If a war expenditure be equal to ten millions, and, in consequence of the war, national industry is stimulated to such a degree, as to cause an increased production equal to fifteen millions, it will follow, that national wealth would be augmented five millions, in consequence of the war, according to the doctrine which makes national wealth to consist in accumulation of the surplus of production above consumption. Such an augmentation of the product, would increase national wealth, although the accumulation of it would prevent it from being as beneficial as it might be. A stream of water spread over a field, may have a happy

effect in fertilizing it, but if suffered to accumulate upon it, it may produce quite a contrary effect. So increasing the product of labour will have the effect to augment national wealth; but in order to be most salutary in its effects, it must be annually consumed, and not suffered to accumulate.

War affords a stimulus to industry, by increasing the demand for labour. The consumption of the product of labour, by an army, prevents accumulation, and often causes a still greater increase of population. This explains the phenomenon of England's always increasing in wealth, during a period of war with the maritime nations of Europe. Having a naval superiority on the ocean, war gives her the commerce of the world, and in addition to the excitement and energy which war is calculated to infuse into the body politic, she enjoys the additional advantage of supplying the world, or the greater part of it, with her manufactures, which gives an impulse to the industry of the nation, and causes an increase of production, much greater than the war expenditure. War may, therefore, enrich England, while it impoverishes other nations.

It is altogether a mistaken notion to suppose, that the evils of war, consist in a useless consumption of the product of labour. If this was the only evil, war would be a very harmless amusement, or perhaps, a useful luxury. The devastation and desolation which it occasions, is of quite a different character. In this respect, it has an immediate and lasting effect to diminish national wealth. It has also an injurious effect on public morals, and therefore, tends to enervate and weaken the arm of industry. The influence of war

also, is irregular and fluctuating in its operation. It furnishes, for a time, a strong demand for particular species of labour; but as war cannot be permanent or lasting, that demand may be suddenly withdrawn, and then distress is produced among those classes of people, to whom it had given employment. All fluctuations are unfavourable to national wealth and happiness—the more permanent the demand for any article, the better. This is one cause of the present distress in England, and this country. An unnatural demand had been occasioned, by war, for the product of the labour of the two countries. Peace has interrupted the demand, and thousands of people are thrown out of employment in consequence of it.

PUBLIC WORKS. The expenditure of public money, in public works, frequently has not a less invigorating influence than war, on national industry.

It is a common opinion, that all expenditures in public works, of all descriptions, whether in building fortifications, ships, making roads, canals, or any other permanent improvement, is a real tax upon the community, to the amount of money expended, and that the public can only be remunerated by the advantage it may derive from the use of the building or improvement.

According to this doctrine, it would follow, that if the fortification, ship, road, canal, or other improvement was, when finished, either useless, or should be destroyed, the expense of building would have been an actual drain upon the wealth of the nation, equal to the amount of money expended. Nothing can be more erroneous than such a doctrine.

If the fortification, or ship, should be destroyed,

the day they were finished, it would not follow, that national wealth would have been lessened, in consequence of building them. Should a road, or canal, be perfectly useless, when finished, it would not follow, that the nation was the poorer for the money expended upon them. It would, undoubtedly, be better for the nation, that the fortification, or ship, should remain, when built, than be destroyed; nevertheless, it may be better for the nation to have built, than not to have built them, even though they should be immediately destroyed. The capacity of the nation, for acquiring the necessaries and comforts of life, may be none the less, for having built a ship, that sinks to the bottom of the ocean, as soon as she is off the stocks, or for having made a road, or canal, which are perfectly useless. If public money is to be expended, it is no doubt better that it should be expended prudently, than imprudently, profitably, than unprofitably; although it does not follow, that national wealth is lessened by its being expended either imprudently, or unprofitably. To those who have been in the habit of confounding national with individual wealth, and of considering national wealth to consist in the accumulation of superfluous labour, or in other words, of idleness, these may seem to be strange opinions, although they are perfectly reconcileable with those theories, which make national wealth to consist in the *surplus of production above consumption*, or in the accumulation of gold and silver.

If a canal is made with a nation's own means, there will be just as much money in the nation, after, as before it was made, or, as there would have been, had it not been made, even though it should be per-

fectly useless when made. The money may belong to different individuals, in consequence of making the canal, still it will belong to the nation; and so far as national wealth is concerned, even upon the principles of accumulation, it matters not, whether it be in the possession of A. or B.; and as there will be just as much money in the country after, as before building the useless canal, or road, or a ship that is sunk to the bottom of the ocean; so there may be just as much, or as great a *surplus of production above consumption.*

If the expenditure of the public money, in these public works, has caused an increase of the quantity of labour, equal to what was required to build them, then the production will be just as great with, as it would have been without building them. The number of people to be supported out of the product of labour, is not increased; and therefore, the surplus, if any, will be as great in the one case, as in the other. In this case, the expenditure affords such a stimulus to national industry, as to augment the quantity of labour, equal to what was required in the public works; and of course, there will not be a bushel less of wheat, or a pound less of tobacco, cotton, or sugar, than there would have been, but for the public works. It is very clear, that this may be the case in all countries. There is not a country on earth, that has not a large quantity of surplus labour, or in other words, a large number of people, who are either idle the whole, or some part of their time, and who might be employed in labour. As every nation, therefore, possesses a quantity of unexerted, or unexpended labour, or power; a measure of government, which shall have

the effect to call this labour into action, may expend it in the erection of public works, without diminishing the annual product of labour, or preventing as great an accumulation of the surplus of it, as would have taken place, without such expenditure. Suppose the United States was to employ ten thousand men during the next ten years, at an annual expense of two millions of dollars, in making roads, canals, and other permanent improvements, in the country; is there any reason to suppose, that any portion of that labour would be withdrawn from other branches of industry? The particular individuals, employed upon the public works, would, no doubt, be withdrawn from other branches of industry; but others would either take their places, or those who remained, would labour more, so that the quantity of labour would be as great as though none had been withdrawn. In other words, a stimulus would be applied to the energies of the nation, which would augment the quantity of labour equal to what had been applied to the public works. The nation is capable of exerting a power, annually, to a much greater extent than this. Fifty thousand men might, no doubt, be employed on public works, without lessening the annual product of labour a single pound. It is, therefore, possible for the nation to expend a large amount of labour and money, on public works, without, in other respects, diminishing public wealth.

But this is not all; the expenditure of labour and money, in this way, may be the means of augmenting public wealth, in other respects; it may cause a greater annual product of labour, than there would otherwise have been; it may make the necessaries and comforts

of life still more abundant among the people. It may produce this effect, by infusing into the nation a degree of industry, which will more than supply the labour expended upon the public works. It may excite the energies of the nation, to a much greater degree than is required for the performance of this additional labour, and thereby augment the annual product of the necessaries and comforts of life.

Was the state of Maryland to expend a million of dollars, in making a canal from the Susquehanna to Baltimore, there is not the slightest reason to suppose, there would be a bushel less of wheat or corn, or a pound less of tobacco, raised in the state, in consequence of the labour bestowed upon the canal; nor would there be a dollar less money in the state. It might, on the contrary, be the means of augmenting the quantity of both. The canal then would cost the state, in reality, nothing. Public wealth would be just as great after the canal was made, exclusive of the canal itself, as it would have been, had the canal not been made, and the national wealth would, therefore, at all events, be augmented to an amount equal to the value* of the canal to the public.

If making the canal should cause an increase of industry equal only to half the labour bestowed on it, then public wealth would be augmented only to half the amount of the value of the canal to the public. In other words, if the labour expended in building the canal was equal to the value of a million of dollars, and in consequence of building it, labour

* The word *value* is here used in its popular or figurative sense, for a canal can have no *value* in the technical sense of the word, any more than national territory.

should be withdrawn from other branches of industry, to the value of half a million of dollars, which would cause a diminished product of wheat, corn, tobacco, &c. equal to half a million of dollars; then the actual expense to the state, of the canal, would be half a million of dollars.

If then, the real value of the canal, to the state, when finished, should be only half a million of dollars, there would be nothing lost or gained, as it regards public wealth, by building it. But if the real value of the canal, to the state, should be seven hundred thousand dollars, then the state would have gained two hundred thousand. But should the canal be worth, to the state, a million and a half dollars, then there would be a gain of a million. Should the canal, however, be worth only three hundred thousand dollars, then there would be a loss of two hundred thousand; unless this loss should be counterbalanced by the greater habits of industry and skill, which the people would have acquired in consequence of the work, which would augment their capacity for acquiring the necessaries and comforts of life.

This is taking it for granted, that making the canal would withdraw a quantity of labour equal to half the quantity expended on the canal from other branches of industry; but upon the supposition that no labour would be withdrawn from other branches of industry, which would probably be the case; should the canal, when finished, be of no value to the state, still public wealth would not be diminished.

There is every reason to believe that the New-York canals will increase the quantum of industry.

in the state, equal to the whole amount of labour bestowed upon them, and that the product of labour in agriculture, manufactures, and commerce, will be as great, as it would have been, had the canals not been built, so that in reality they will cause no drain on public wealth, even though they should be worth nothing to the state, when finished; and it is even more than probable, that these enterprises have infused into the body-politic, a degree of energy and industry, which will more than supply all the labour required to build the canals, and that there will be a greater product of labour in other branches of industry, in consequence of making them. The public wealth of the state will, therefore, be augmented, independent of the value of the canals.

The body-politic like the natural body is liable to fall into a state of comparative lethargy and torpor. It then becomes necessary to arouse its dormant energies, by administering stimulants. The expenditure of public money, in public works, will often produce this effect.

## CHAPTER V.

### *Banking System.*

THERE are few subjects in the science of political economy, which have been more prolific of disputes and discussions, or which have more perplexed political economists, to ascertain their *modus operandi*, in promoting national wealth, than that of banks, or the banking system, as it is called.

This is, in fact, but a modification of that monetary system, which has been such a stumbling block to political philosophers, from the earliest ages. Whole nations have been so infatuated on this subject, as to suppose national wealth consisted in the quantity of money it possessed—and many political philosophers have supposed, that it was the primary *cause* of wealth—that money set every thing else in motion.

Although many of these absurd notions are exploded, yet the real utility of money in promoting national wealth, and its actual importance in the machinery of civilization, seems not even at this day, to be thoroughly understood.

No intelligent man at this time, supposes, that the degree of national wealth is to determined by the quantity of the precious metals which it possesses, but there are many who suppose, that the quantity of money may require to be augmented in a nation, by artificial means, independent of labour; for it is not yet two years since the sage board of directors of the

United States' bank, sent an agent at a heavy expense, to foreign countries, to purchase gold and silver, to put into the vaults of that bank; supposing that by so doing, they should make money more plenty in the country.

In point of wisdom, this measure was precisely upon a par with that of a merchant, who should first rent a fine warehouse, and then take a trip to England, to buy weights, scales, measures, yardsticks, and all the other apparatus of trade; when he had not a pound of sugar, a gallon of molasses, a yard of cloth, or any thing else in his store to sell, nor a dollar of money to buy them with; but expecting the apparatus of merchandise to replenish his store.

The absurdity of the cases, is not equally apparent to superficial observers; but to a man who understands the nature and function of money, they are parallel in principle and equally absurd.

Gold and silver have an intrinsic value, independent of their use as a circulating medium, and so have lead and iron, independent of their use for making weights. Gold and silver cannot be made a permanent measure of *value*. Lead and iron may be made a permanent measure of quantity. Herein consists the difference which has puzzled all our philosophers. But the whole difficulty vanishes as soon as we understand the nature of *value*, which is a *variable* quality, and a permanent measure of a variable quality, is a contradiction in terms.

This difference, therefore, in gold and silver, when made into money, and lead and iron when made into weights, does not consist of the difference in their nature, but of the difference in their *use*. The one

being used as a measure of a *variable*, the other of a *permanent* quality. Each is a constituent part of the apparatus of merchandise. The one is a more important, more difficult to be obtained, and therefore a more valuable part of the apparatus than the other, although not more essential to the business of exchanging one commodity for another. Weights and measures are as necessary in buying and selling sugar and wine, as money. Both are instruments of trade.

An abundance of money is an *effect* of an abundance of the products of labour, but not the *cause*. Plenty of money is one of the consequences of national wealth and prosperity, but never the cause of national wealth and prosperity; and, to suppose that national wealth, can be augmented, by augmenting the quantity of circulating medium, by any artificial means, is as absurd, as it would be for a merchant to suppose he would augment his quantity of groceries by multiplying his weights and measures.

It is the besetting sin of writers on political economy, not to discriminate between cause and effect, and perpetually to put the effect for the cause; this is especially the case on the subject of money. Instead of considering labour as the sole cause of the necessaries and comforts of life, and the abundance of these as the cause of an abundance of circulating medium, or of the precious metals, they have reversed the order of things, and considered an abundance of money as the cause both of labour and of an abundance of the necessaries and comforts of life.

Hence Adam Smith talks about *labour put in motion by capital*, and the quantity of labour different

*capitals can employ.* Money is constantly considered as the active operating agent, or original cause of wealth. It was therefore inferred, naturally enough, that if the cause was augmented, the effect would also be augmented, and that the power of money to produce wealth, would be in proportion to its quantity. This reasoning is perfectly logical, and the inference philosophical, provided the premises are admitted. If money or capital, in the extensive sense, in which Dr. Smith uses the word, is the *cause* of national wealth, then by augmenting the quantity of money or capital, a *momentum* is added to the power, which is to produce wealth, and it is strictly philosophical, to conclude that the effect will be increased in proportion.

Hence all those absurd laws which almost every nation has at different periods passed for the purpose of making money plenty, by restricting its exportation, by laws which were intended to have the effect of augmenting its quantity, by reducing its standard, or by its adulteration, or by buying it of foreign nations, as our wise bank directors did.

The utter futility of all these measures one should have thought, would long since have convinced even those who were not to be convinced by reason, that money was not the *cause* of national wealth. Such, however, is not the case—people are almost as much in the dark on this subject now, as they were two hundred years ago, and it is no uncommon thing, to hear men, otherwise clear headed enough, talk about increasing national wealth and prosperity, by increasing the quantity of circulating medium, by issues of paper currency, and other expedients, which they pre-

tend will make money plenty, and therefore promote national wealth. But if the abundance of money is a mere consequence of an abundance of the products of labour, it will follow that these expedients are, upon principle, as inefficient in promoting national wealth, as they have always been found to be in practice.

A principal reason why men have not profitted by experience upon this subject, is their not understanding the proper function of money, and the manner in which banks, or the banking system, operates to promote national wealth.

Banks increase the quantity of circulating medium, says one, and in that way promote national wealth—Banks substitute a paper, for a metallic currency, says another—a currency which costs nothing, in the place of one of great value, and in that way, promote national wealth. By substituting a paper for a metallic currency, the latter is converted into an article of merchandise, and augments the capital, (I cannot tell by Dr. Smith's rules, whether the fixed or the circulating capital) of the country, by so much as the paper displaces of the specie. The capital therefore, that is, the cause or power which produces wealth, being augmented, the effect, that is, national wealth must also be augmented in an equal degree. A most beautiful theory! in strict accordance with the rules of natural philosophy; and the only objection to it, is, that the premises are false.

Neither money nor capital are either the cause of wealth, or the power that produces it, but they are themselves the effect of national wealth produced by labour. There was never yet a country known, in

which there was a scarcity of money, when the country was in a flourishing and prosperous condition. There have been many countries in a most deplorable state of poverty and wretchedness, with a great plenty of money in them, at the same time. There was never yet a country known to be in a prosperous and flourishing condition, in which there was not a proportionable degree of industry, nor ever one known to be in any other than a state of poverty and wretchedness, when sloth and idleness, was the prevailing characteristic of the people.

Banks have, however, been instrumental in promoting national wealth, and the only question is respecting their *modus operandi.* If labour be the only cause of wealth, then the effect of banks is not to augment the quantity, either of the circulating medium, or of the capital of the country; or, if they have this effect, they do not for this reason, promote national wealth. This is not the beneficial effect they are calculated to produce. Banks perform their proper function when they promote enterprise, and stimulate industry. Banks promote enterprise, in the same way steam boats promote travelling; by affording facilities for engaging in business, which is a spur to industry. The life and energy which banks, under particular circumstances infuse into the body politic, by affording facilities to enterprising individuals, to engage in business, is often a most important thing for national industry, and therefore, for national wealth. Without the aid of banks these individuals would not have the means of engaging in business, or of carrying it on upon so large a scale; and in this indirect way, banks afford encouragement to labour.

The quantity of money, is a matter of no consequence to national wealth. The object of banks is not therefore, or should not be, to augment its quantity. The circulation of money whether the quantity be great or small, has a most powerful effect in stimulating industry. The object of banks is, or should therefore be, to promote the circulation of money, and their influence in promoting national wealth, will be in proportion to the rapidity with which they cause it to circulate.

A million of dollars which should change hands in the course of business, once a day, the year round, would have a much greater effect in making money plenty, and in stimulating industry, than ten millions would, which should change hands in the course of business only once in ten days, or even a hundred millions, which should not change hands more than three times a year.

Of what use is money to a nation, if it does not circulate? and as a general rule, the more rapidly it circulates, in the regular course of business, the better. To this rule, however, there are some exceptions.—The body politic, though not so liable, is nevertheless liable to get into a fever, as well as the natural body, and as a rapid circulation of the blood indicates fever in the one, so a rapid circulation of money, often indicates fever in the other.

The South Sea scheme, in England; the Mississippi scheme, in France; the United States bank stock speculation, in this country, and the water stock speculation, in Baltimore, are a few of the multitude of instances, that might be cited, of violent fevers, in the

body politic, being indicated by the rapid circulation of money.

The body politic is an animal of immense bulk, and he is, for the most part, inactive and slothful, in proportion to his bulk. A state of comparative lethargy and torpor, is very nearly his natural state, and it is necessary to apply constant stimulants, to keep up circulation. Banks, in some degree, serve this purpose, and in proportion as they do this, to a healthful degree, they are useful, and this is the only beneficial effect they can have.

The banking system, however, like every thing else, is liable to abuse, and may be carried too far, and then banks have the effect to paralize, instead of stimulating industry. Then they prevent circulation, instead of aiding and promoting it. They are the means of drawing a great many persons from useful employments, to engage in those that are less useful. In this way, the business of merchandise, more especially, is overdone. This causes an interruption in the circulation, and the mercantile death of the patient is the consequence. The people at length get discouraged, and confidence is destroyed.

Banks, under proper regulation, have a powerful influence in promoting public wealth and prosperity; but, like other powerful specifics, they are in the hands of quacks, and unskilful managers, most pernicious and destructive. The principal difficulty, in their judicious regulation and management, arises from ignorance of the manner in which they operate, to promote national wealth. What is called hard times, or a pressure for the want of money, is generally supposed to be occasioned by a deficiency in quantity, or by the

scarcity of it, as it is called, when, in reality, it is occasioned entirely by stagnation in the circulation.—There never was, nor will there ever be a country, in which there is not money enough, for all the purposes for which money is wanted, provided, what there is in the country, circulates freely; and there never was a country, in which a great pressure would not be produced, by a stagnation in the circulation. Money is always plenty or scarce, in proportion to the rapidity with which it circulates, and not in proportion to the quantity in the country.

A yardstick is a very useless thing, unless the owner has something to measure; and money, as such, is quite as useless, unless the owner has occasion to exchange it for commodities, that is, to measure the value of commodities by it. Gold and silver, it is true, have an intrinsic value, but this is a thing distinct from their value as currency, and has nothing to do with the scarcity or plentiness of money. Fifty-sixes, also, have an intrinsic value, independent of their use as weights; if made of iron, they may be converted into ploughshares; if of lead, they may be run into bullets. As weights, they are wholly useless, except in buying and selling commodities. As a merchant's, or a nation's prosperity is not indicated by the quantity of weights in his warehouse, or in the country, but upon the frequency with which there is occasion to use them; so, neither individual, or national prosperity is indicated by the quantity of money in a country, but by the frequency with which the quantity, in the individual's, or nation's possession, is wanted for use. If a dollar is actually wanted for use, in exchanging commodities, fifty times in a day,

it indicates briskness and activity in business, and will have much more effect in making money plenty, than fifty, or even five hundred dollars would, lying, day after day, in the merchant's iron chest; precisely in the same manner, as a yardstick, or a set of weights, which a merchant has occasion to use a hundred times in a day, indicates good times; and these good times might, with just as much propriety, be attributed to the quantity of weights and yardsticks, as to the quantity of money.

The ordinary race of politicians and bank managers, however, suppose that a pressure for the want of money, is the consequence of scarcity in quantity, and they will immediately set about remedying the evil, by endeavouring to increase the quantity, either by prohibiting the exportation of gold and silver, or by importing them; or by the more common method of supplying the fancied deficiency, by issuing bank, or government paper; expedients about as well calculated to cure the disease, as water potations would be, to cure a patient of the dropsy.

*Funding a public debt*, is, in principle, the same as the banking system, and will frequently have the same effect, that banks have, in promoting national wealth. It promotes the circulation of money, and stimulates industry and enterprise. The funding our public debt, in 1790, is a memorable example of the efficacy of such measures, in promoting national wealth.

Without entering at all into the merits of the question, which at that time agitated the public, as to the justice of that measure; it must, at this day, be admitted, that it had a most beneficial influence upon the

wealth of the nation, not by adding any thing to the actual property of the nation, but by stimulating its industry and enterprise. For the matter of the argument, it may be conceded, as was contended by those who opposed the measure, that it was unjust, and took money from one part of the community, to put into the pockets of another part; and the concession will not affect the utility of the measure, in promoting national wealth. Whether unfortunately or not, I shall not attempt to decide; yet, so it is, that the utility of a measure, in promoting national wealth, does not always depend upon its justice.

The funding of the debt, promoted the circulation of money, which always indicates briskness and activity of business, by increasing the fortunes of the public creditors. It gave them a draft, or mortgage, on the industry of the country, which the government engaged to pay, by passing tax laws for that purpose. This fell lightly on the people, and affected them almost imperceptibly. This increase of fortune inspired the enterprise and stimulated the industry of the public creditors. They were among the most influential and intelligent men in the country. The spirit thus infused into them, they communicated to their neighbours and dependents, so that the whole community became in a greater or lesser degree electrified with it. The gross amount of the industry of the nation was greatly augmented, not by augmenting the actual property, or as Adam Smith would say, the capital of the nation, but by giving new energy to the cause of wealth—to the bones and sinews of the nation.

This gave an impetus to national industry, which carried it much beyond the point of paying the additional taxes, imposed in consequence of funding the debt, at its nominal value. Had not the industry of the nation been increased by funding the debt, the public would have derived no benefit from that measure, whatever individuals might have done. Public wealth would not have been augmented thereby, although individuals might have made fortunes, by purchasing the soldiers' claims, and by speculating in the stocks. Increasing the fortunes of individuals does not necessarily increase public wealth, unless the gain is caused by an increase of industry; for what one gains by speculation, another must lose.

It may so happen, therefore, that measures which tend to produce an unequal division of property, may promote national wealth; but this is under very particular circumstances, and the measures themselves must be temporary in their nature. As a general rule, it will be found, that all measures which tend to cause an unnatural and permanent inequality in the division of property, are prejudicial to national wealth.

These are some of the beneficial effects of the banking system, and of public stocks, and the manner in which they operate to promote national wealth. They are, however, attended with some evil consequences, which will be more properly considered in subsequent chapters, on corporations, and a national debt.

## CHAPTER VI.

### *Labour saving Machines.*

THERE has, of late years, been a question made among political economists, whether *labour saving machines,* were beneficial to a nation, or conducive to national wealth: and a most extraordinary question it is.

That a developement of the human faculties, and improvements in the arts, should be supposed to have an unfavourable influence on individual or national prosperity and wealth, is incontrovertible proof, either, that those who entertain such opinions, have most unnatural and perverse notions of human happiness; or, that the institutions of the country, in which such improvements produce such effects, are unnatural and perverse. There must be a radical vice in the institutions of a country, in which improvement in the arts, or labour saving machines, are unfavourable to the welfare of the people.

That one unnatural and vicious system should require to be counterbalanced, by another unnatural and vicious system, is frequently the case; and it is not improbable, but that the institutions of a country, may be such, as that improvements in the arts and in labour saving machines, may be prejudicial to a large portion, and, perhaps, to a majority of the people; but if ever this be the case, it is entirely owing to some unnatural and unnecessary infringement of the laws of nature, in the institutions of the country.

Nature bestowed upon man his various faculties for the purpose of improvement and cultivation, and she has placed no prohibition upon their cultivation, nor any other restraint, than the want of ability or inclination; and if any other restraint is placed upon them, it is in violation of the laws of nature. Nature made it necessary for man to cultivate the earth for food, but she has not made it necessary for him to dig up the ground with his fingers. She has given him ingenuity for invention, and the invention of the spade and plough was as lawful and natural an exercise of power, as digging the earth; and man has as much natural right to exercise his ingenuity to abridge labour in one employment as in another.

This power of invention distinguishes man from the brute creation, and it is the exercise of this power, which has raised him from a savage to a civilized state; and to say this power ought to be abridged, or restrained, in any respect whatever, is not only an outrage on man himself, but it is also an impeachment of the wisdom of his creator, in bestowing upon him these faculties.

Whenever it is found that inventions in labour saving machines, produce an injury to a community, the cause of the injury is to be sought for, in some previous and unnatural institution of the country, and not in the exercise of the ingenuity of man in the invention. A government would have as much right, to deprive a man of his talents, his strength, or his personal comeliness, as to prevent him from exercising his faculties or ingenuity, in inventions to abridge labour, to extend the boundaries of science, or to make improvements in the arts. But if such

inventions and improvements are injurious to national wealth and happiness, they ought either to be prevented, or the cause which renders them injurious, ought to be removed.

It would be a most dangerous experiment for a government to undertake to exercise a control over the exercise of the human faculties, in any respect. Where shall the line of distinction be drawn? What inventions shall be permitted, and what not? Who shall decide what improvements will be beneficial to society, and what not? What labour saving machines will be useful, and what not?

The mariner's compass is a labour saving machine, and had the question been submitted to the philosophers of the day, whether it would be a useful invention or not, there would, doubtless have been a diversity of opinion, and possibly the question would have been decided against it. The art of printing is a labour saving machine—gunpowder is a labour saving machine; and there is no doubt but that there would have been a great diversity of opinion in the day of their invention, as to their utility. The spade, the plough, carriages, and ships are labour saving machines; and if their invention has been useful to man in a very great degree, what reason is there for supposing that every invention of labour saving machines are not also calculated, in their nature, to be useful to him, in proportion to the labour they save. The mechanical powers,* and, indeed,

* It may, perhaps, sound a little odd, to call a principle of nature a labour saving machine. It is a metaphorical mode of expression, but it is perfectly correct, for it is not the construction

all the powers of nature may be converted into labour saving machines; and where is the presumptuous man who shall dare to say, that such an appropriation of these powers, is, or can be, in itself, prejudicial to man's best interests?

If it was possible, by the invention of machinery, to supersede the necessity of labour in the smallest degree, there might be ground to question the beneficial effect of labour saving machines, upon human happiness, and national prosperity. It may well be doubted, whether the condition of mankind would be improved, by their being relieved from the necessity of labour. But God has said that "man shall eat bread in the sweat of his face," and we need be under no apprehension, that the ingenuity of man, will ever enable him to extricate himself from the operation of this sentence, or to evade its penalty.

Vast improvements have been made in agriculture, in the arts, and in labour saving machines, but the necessity to labour, in order to procure the necessaries and comforts of life, has not, in the smallest degree, been diminished; nor will any indefinite extent, to which we may imagine these improvements to be carried, supersede in the smallest degree, the necessity to labour for food, or for the comforts and luxuries of life. If three-fourths of the labour, now employed in agriculture, could be saved by improvements in machinery, there would still remain the same necessity for labour, and men would find, to their astonish-

of a machine which renders it valuable, but the principle which it involves. The materials of which the machine is composed, constitute a very insignificant part of it.

ment, that there was yet no eating of bread, but in the sweat of their faces.

Although, by the different applications of the powers of nature, such a vast amount of labour is saved in manufactures, still it requires as great a quantity of labour now, to procure either the necessaries, or the comforts of life, as it did two centuries ago, and indeed, a much greater quantity. There is no danger, therefore, that improvements in labour saving machines, will ever supersede, in the smallest degree, the necessity for labour.

If the wants of man were limited, then labour saving machinery might supersede the necessity of a certain portion of labour, which, without the machinery, would be necessary to supply those wants; but the wants of man are indefinite and unlimited, and as fast as he contrives to supply one want, with a less quantity of labour, another equally pressing want springs up to supply its place, and impose new necessity for labour. This, however, is only the case with our artificial wants, and the necessity which they impose for labour, might be relieved by giving up, or restraining these wants, although there is no probability that this will ever be done.

But even if this was done, it would have no effect whatever, in relieving man from the necessity of labour, by the instrumentality of labour saving machines. If population always remained stationary—if it possessed no inherent powers of expansion and multiplication, then the want of food would always remain stationary, and the same quantity annually produced, would always be adequate to its supply: and any contrivance which should enable us to sup-

ply a given portion of this food without labour, would to that extent, relieve mankind from the necessity of labour; but with the procreative power of the human species, this can never be the case. As soon as the necessaries of life are furnished to those in being, a new, more numerous, and more hungry race springs up, whose wants, are equally pressing and imperious.—New exertions and additional labour become necessary, and that labour which has been saved by machinery in one species of work, is compelled immediately to seek employment in another. The only effect, therefore, of labour saving machinery, is to substitute one species of toil for another. It has also the further effect, of compelling men to exercise their ingenuity in inventing and manufacturing new species of productions.—To try experiments in modes of agriculture, with a view to augment the products of the earth.

To what extent the fruits of the earth may be augmented, no human intelligence can tell. For aught that we can perceive, the earth is capable of being made to yield an indefinite and almost unlimited quantity of food. We can no more fix limits to the powers of the earth to produce the necessaries of life, than we can fix limits to the powers of life itself, or to the artificial wants of men. According to our experience, the fruits of the earth are multiplied almost in proportion to the labour bestowed upon it; and were that labour increased a hundred fold, it is impossible to say, that the product might not be increased very nearly in the same proportion.

With a proper exercise of the faculties of man, and a proper distribution of the bounties of nature,

there never was yet a human being, sent into the world, without the means of sustenance. If ever a human creature starved, in was in consequence of some accident, or in consequence of some previous derangement of the laws of nature in regard to man, or in consequence of the folly or vice of the person that starved, or of those whose duty it was to provide for him.

A man may be shipwrecked upon a desert island, and starve, but this is accidental. A hundred or a thousand human beings, who have no right to any portion of the surface of the earth, in consequence of the laws of property, and laws too, that are necessary for the support of civilized society; and having nothing upon which they can bestow their labour, for the purpose of procuring bread, and those who have the means, refusing both to employ them, or to give them charity, may be forced to the extremity of starvation. This is in consequence of a derangement of the laws of nature in regard to man, and ordinarily in consequence of an unequal division of property, caused by partial and unequal laws. Parents and children may all starve in consequence of the folly and vice of the parents, whose duty it is to provide for their children, as well as for themselves.

I am far from supposing that the earth is capable of being made to increase its fruits with the same rapidity, that the unrestrained powers of procreation are capable of multiplying the human species. The power of procreation is in its very nature indefinite, and susceptible of increase to infinitude, and when viewed in this respect only, our race may be considered as an infinite series, commencing with Adam,

and increasing in numbers and power in each succeeding generation. This unrestrained power, would cover the whole face of the earth with human beings in the course of a few centuries at most; although long before they could multiply to this extent, universal starvation would sweep them off; still nature, provided her laws are adhered to, does not require the agency of man to prevent such a catastrophe. Let the laws of nature be adhered to, both by government and people, and there will be no necessity for man to interpose his agency to prevent an increase of population above the means of subsistence, either by wars, or by leaving the poor to starve.

It is undoubtedly a law in the moral code of nature, that a man should not multiply his species without the means of supporting those he brings into the world; and if a man wilfully violates a law of nature, he and his, must take the consequences of such violation. It is a law of nature, that if a man drink poison, he shall die, and a man cannot exempt himself from the operation of this law, by pleading ignorance of it.

But as it is a law of nature, that a man shall not live without food, so it is also a law of nature, that all men have an equal right to the surface of the earth for the purpose of procuring food; and although it is necessary for the existence of society, that the exclusive right to property, should be established and maintained; yet this principle is not to be carried farther, than is necessary for the accomplishment of its object, because it is in derogation of man's natural right to a portion of the surface of the earth; and before those, who have, in consequence of the laws of

property, an exclusive right to the surface of the earth, will have a right to leave those who have none, to the operation of the laws of nature, they must be certain that the destitution of the poor, has not been caused, by an unnecessary inequality in the division of property, produced by unequal and partial laws.

If the rich have a right to enforce the laws of nature upon those who multiply their species without the means of supporting them; the poor have an equal right to enforce the same laws in regard to the unequal division of property; and mutual forbearance will probably be found most expedient for both. The rich must give freely to the poor, or furnish them with labour; in consideration that they have more than a proper administration of the laws of nature would entitle them to. The poor must be content to be supported by the rich, in consideration, that they have violated the laws of nature, in multiplying their species without the means of supporting them; but it is the duty of all governments, to remedy both evils as effectually as possible.

In a country where a very great, and an unnatural division of property has taken place, there can be no doubt, but that labour saving machines are often very injurious to the whole community. They tend to destroy the dependence of the rich upon the poor, for labour, and to cause a still greater inequality in the power of the two classes, which is destructive to the poor; and of no service to the rich.

A very great fortune may flatter a man's vanity, and enable him to riot in luxury, but it adds nothing to his real happiness, nor does it make him a more useful or virtuous citizen. Labour saving machines

may enable him to enjoy in great abundance the comforts and luxuries of life, without the labour, or without so great a quantity of the labour of the poor, as would otherwise be required; and as the poor have nothing but their labour to depend on for subsistence, these machines may be the means of reducing them to a degree of hopeless poverty and wretchedness.

But where the natural equality of man is preserved, so far as equal laws can preserve them.—Where the power which the rich acquire over the poor by their great accumulation of wealth, is once in every generation at least, broken to pieces, and resolved comparatively into the general mass, by being distributed equally among all the members of a family, and is not suffered to accumulate from generation to generation, in the hands of the eldest son, the effect of labour saving machinery in augmenting the power of the rich, is in a great measure destroyed. All have nearly an equal chance of availing themselves of the benefit of improvements of this description. The dependence of one class of society upon another is preserved, and all the labour that is saved in one branch of industry, may and will be usefully directed to another.

That is the most perfect state of society, in which the natural equality of men is most nearly preserved. But the natural equality of men, is very far from being a perfect equality. Every permanent inequality produced by artificial means, is, however, injurious in proportion to its magnitude; and wherever there is such inequality of property, as to enable the rich to appropriate to themselves the exclusive benefit of labour saving machines, they will be found extremely

prejudicial to the lower orders of society, without producing any corresponding advantage to the higher orders.

Such an evil can only be remedied in one of two ways; either by restraining improvements in labour saving machines, and prohibiting the use of them—by balancing one abuse and perversion of the laws of nature by another abuse and perversion of the same laws; or, by remedying those pre-existing evils, which render the exercise and developement of the faculties and ingenuity of man, prejudicial to himself.

In the present state of society, and division of property in England, there can be no doubt but that the condition of the poor is rendered much more wretched, in consequence of their great improvements in labour saving machinery, which is one cause of the great number of paupers in that country. This machinery renders the rich, in a great degree, independent of the poor, for their enjoyment of the comforts of life. If the rich, in that country, would *cure* pauperism, they must remove the causes which produce it. If they will not do this, let them not complain of the enormous burden of their poor rates.

## CHAPTER VII.

### *Monopolies.—Colonial Systems.*

THE publication of the "Wealth of Nations," produced an almost universal clamour against monopolies, which has continued, without abatement, to the present time. They are represented as illiberal and arbitrary in their nature, and calculated to produce an unnatural restraint upon the freedom of trade, which ultimately is alike prejudicial to the best interests of the nation, that enjoys the monopoly, and to all other nations.

But, although Dr. Smith succeeded in raising such a prejudice against monopolies, that a writer who shall have the hardihood to defend them from obloquy, runs the risk of being laughed to scorn; yet, England more especially, and all other nations, to a greater or less degree, have continued to pursue the monopolising system, and, no doubt, will continue to pursue it, so long as the world shall continue divided into separate independent nations.

For the most part of Dr. Smith's theories upon national wealth, were superficial and unsound. He entertained no distinct notions of what constituted national wealth, or of the means by which it is to be augmented. His perceptions of the different subjects of which he treated, were obscure; his reasoning artificial, and his conclusions very often erroneous. This was particularly the case, upon the subject of monopolies, and colonies.

A colonial system, is a species of monopoly, and is governed by the same principles. It may, therefore, be treated of under the head of monopolies.

The object of all colonial systems, is to give the parent country the exclusive benefit of the colony trade, and the only question is, whether this monopoly is beneficial or otherwise, or whether the benefit which the parent country derives from it, is greater than the injury which it occasions to the colony, or whether, on the whole, the monopoly produces a national benefit, the colony being considered a part of the nation.

If a monopoly of the colony trade cause more injury to the colony, than benefit to the parent country, then the monopoly, considering the colony as a constituent part of the nation, is a positive injury to the nation, and ought to be reprobated by all honest men, and abandoned by the government, as a vicious and abominable thing If the benefits and injuries balance each other, it ought also to be abandoned, as an unnecessary, vexatious policy, which can do no good, and may produce much injury. But, if a colonial policy, or a monopoly of any kind, which places some restraints upon the freedom of a colony trade, or upon the trade of foreign nations, produces more benefit to the nation, including the colony as a constituent part of the nation, than injury; then ought a nation, that has colonies, to adopt a colonial system of restrictions upon that trade, upon the principle that a nation is a unity, and that the interests of the few, ought to yield to the interests of the many. Admitting that a free trade would be most beneficial to the colonies, and it will not follow, that a system of free trade should be adopted by the parent country: it must appear, that

such a system, will be most for the interest of the whole nation.

The internal policy of a nation, which includes the policy in regard to its colonies, should be modelled with a view to the general good. The welfare of the many, should never be sacrificed to that of the few. The greater good of the colonies, should never be sacrificed to the lesser good of the parent country; and a policy, adopted in violation of this universal law of justice, cannot fail ultimately to be ruinous to the country that adopts it.

In regard to foreign nations, the principle by which governments should be actuated, is different. Every nation is to consult its own interests exclusively, without any regard to the interests of other nations. If a monopoly of any trade be beneficial to a nation, it cannot, nor ought it to forego the advantage of the monopoly, upon the ground that a free trade would be more beneficial to the general interests of mankind.

If governments could be administered upon the perfect principles of universal philanthropy, perhaps a nation might be required to forego an advantage to itself, upon the ground, that the interests of other nations required it, although even then it would be doubtful; for these principles, by such expansion, become so dissipated, as to have no efficacy or power, and the old adage, "charity begins at home," is no doubt, the best commentary that ever was written, upon the doctrines of universal philanthropy.

But, at any rate, in the present state of the world, it would be chimerical, to the last degree, for a political economist to discuss the question, how far a nation

should be governed in its policy towards other nations, by the principles of universal philanthropy.—At present, the duties of government extend no farther than to the protection of its own citizens, and the promotion of its own national wealth; and any chimerical notions of universal philanthropy, which carries the duty of a government to the superintendance, or consideration even, of the interests of the citizens of a foreign country, are as unwise as they are impracticable. With this explanation of the principles by which nations are to be governed, in regard to monopolies and colonial systems, we are prepared to examine the influence which monopolies are calculated to have on national wealth.

It may here be observed, that the benefit of a colonial policy, or monopoly trade of any kind, like every other measure, will depend, in a great degree, upon the particular circumstances of each case, and should always be regulated, with a view to those circumstances. At one period, a colonial or other monopoly may be beneficial to a nation, at another time it may not; and the benefit will, at all times, depend on the judicious regulation of the monopoly.

According to the theory of national wealth, which I have suggested, it will follow, that the benefit of a monopoly must arise from the stimulus which it affords to national industry. A monopoly cannot promote national wealth, by augmenting the quantity of specie or circulating medium in a country; nor by an accumulation of the product of labour above consumption, because national wealth does not consist in these.

Money is always plenty or scarce, in proportion to the rapidity or sluggishness of the circulation, and

not in proportion to the quantity a nation possesses. A rapid circulation, indicates activity in business, and a demand for labour. A sluggish circulation, indicates stagnation in business, and a discouragement to labour. An accumulation of the products of labour, is always attended with national distress, and a want of employment by the labouring classes. A monopoly, to be beneficial, must promote the consumption of the product of a nation's labour, and prevent accumulation. If it has this effect, it will also have the effect to accelerate the circulation of money, and make it plenty. This will give life, energy, and activity, to industry and enterprise, and augment the quantity of labour, which is the cause of national wealth.

Monopolies may be divided into two classes. *Public*, or national monopolies, and *private*, or individual monopolies.

Although this distinction between the two kinds of monopoly, or rather this division of monopoly, is as broad and manifest, as the distinction between nations and individuals, or between national and municipal law; yet it has not usually, if ever, been insisted on by any writer on political economy; and hence has arisen the greater part of that general abuse which has been bestowed upon monopolies. Dr. Smith, in the "Wealth of Nations," makes no distinction whatever between public and private monopolies, but applies to both the same sweeping terms of denunciation.

The two kinds are, however, totally distinct in their character, and are governed by entirely different principles; and for a writer to class them together, and pronounce an indiscriminate judgment of condemnation

upon the whole, because of the evil tendency of some, is not less absurd than to pronounce an indiscriminate judgment of condemnation upon all men, because of the wickedness of some, or upon all laws, because some are oppressive. It was not, however, to be expected, that a writer who made no distinction between a nation and the individuals composing that nation—who confounded national with individual interests, and concluded that, because parsimony was a means of promoting individual wealth, therefore, it must be the means of augmenting national wealth: it was not, I say, to be expected that a writer who made such confusion of all other subjects relating to national wealth, should made a proper discrimination between public and private monopolies. A private monopoly may be very injurious to national wealth, but it does not therefore follow, that a public monopoly is so.

A public monopoly belongs to a nation—a private monopoly to an individual, to a coroporation, or to some part of a nation only. A public monopoly gives a nation similar advantages over other nations, that a private monopoly gives a citizen over his fellow-citizens; and is beneficial, as a general rule, to national wealth, for the same reason that a private monopoly is prejudicial to national wealth. They are the same in principle, and the difference arises from the difference in the subjects to which they are applied. A public monopoly has the same influence on national, that a private monopoly has on individual wealth. Private monopolies give one citizen an advantage over another, and are, for that reason, conducive to individual, but prejudicial to national wealth. Public monopolies give one nation an advan-

tage over another, and are, for that reason, conducive to national wealth, although prejudicial to foreign nations.

Considering the whole world as one great community of nations, and then a monopoly to one nation might be prejudicial to the general interests of the world, in the same manner that a private monopoly is now prejudicial to the general interests of the nation. And a legislature, whose duty it should be, to protect and regulate the general interests of the world, would be bound to suppress national monopolies, upon the same principles that a legislature, whose duty it is to protect and promote national interests, is bound to suppress private monopolies.

Private monopolies are not injurious to those who enjoy them, nor is this the objection that is urged against them; but they are injurious and oppressive to those who are excluded from their enjoyment. All the citizens of a nation are entitled to the same rights, and should be governed by the same laws; and, therefore, private monopolies are unjust and oppressive. If nations were entitled to the same rights and could claim to be governed by the same laws, then would national monopolies also be unjust and oppressive, although they might promote national interests in the same manner that private monopolies now promote individual interests, still they ought not to be allowed.

It has never been pretended that private monopolies were not beneficial to those who enjoyed them. On the contrary, this constitutes the principal objection to them, for in proportion as they are beneficial to the monopolists, in the same proportion are they prejudicial to the rest of the community. So public

monopolies, as a general rule, are beneficial to the nation that enjoys them, and may, for that reason, be prejudicial to other nations; still those other nations have no grounds of complaint, because their citizens owe no duties to a foreign government, and can claim no privileges from it. There is no hardship or injustice, in excluding foreign nations from a participation in our domestic trade, but there would be a very great hardship, as well as injustice, in excluding any portion of our own citizens from a participation in it.

The English do no injustice to the French, in excluding them from the trade of the English colonies, but there would be great injustice and oppression, in excluding the people of Liverpool from that trade. It is right for our government to exclude the English from trading directly from New-York to New-Orleans, but it would be oppression to exclude the people of Baltimore from the same trade.

There is, therefore, a plain difference in principle between public and private monopolies, and although one may be prejudicial to national wealth, it by no means follows that the other is; and, although one may be unjust and oppressive, it by no means follows that the other is. This difference existing in the nature of things, it is the duty of every writer on political economy, to discriminate between them, and all general sweeping denunciations of monopolies should be regarded as idle declamation.

As a general rule, private monopolies are prejudicial to national wealth, and are liable to all the objections and denunciations that writers, on political economy, have pronounced against monopolies gene-

rally. To this general rule, however, there are many exceptions. There are numerous instances in which, for the purpose of accomplishing some specific object, or for the attainment of some national benefit, it may be expedient and useful to grant a private monopoly for a certain period.

Patents for useful inventions and improvements—copy rights for literary productions, create private monopolies, in one sense of the word, although not in its ordinary sense. These are, no doubt, very useful as well as very just, and have a tendency to promote enterprise and industry.

A nation may be desirous of establishing some useful manufactory, or to open some new source of trade, which is expected to be useful and important to the nation, at some future period; and for the attainment of these objects, it may be expedient to create a private monopoly for a limited period. This monopoly may be granted to a single individual, to a company, to a corporation, or to some particular town; and although the rest of the nation may be excluded from the benefit of it, still as the object is to promote national interests, and as it is the duty of every citizen to forego his own private advantage for the public good, no one will have a right to complain.

As a general rule, public or national monopolies of a colonial or any other trade, are calculated to promote national wealth, because they are calculated to give one nation advantages over other nations. To this rule also there are many exceptions. A nation may be so circumstanced, as to render a public monopoly of a colony trade useless to the parent country, and oppressive to the colonies, or it may be more op-

pressive to the colonies than beneficial to the nation. Public monopolies, although liable, yet they are not so liable to abuse as private monopolies. The former must be confined to the domestic and colonial trade of the nation; and to such advantages as one nation may, by means of commercial treaties, obtain over others. A nation may exclude all other nations from any participation in its domestic or colonial trade, but it cannot usurp the trade of an independent foreign nation. It may adopt a colonial policy, which shall be very oppressive to its colonies, and this is the extent of the abuse to which public monopolies are liable.

Every nation has a perfect right to a monopoly of its own resources—of its own industry, and of the benefit to be derived from its agriculture, commerce, and manufactures. A nation that excludes foreigners from its coasting trade, and from direct trade to its colonies, gives to its own citizens a monopoly of those trades. If this be a public monopoly no injustice is done to any one, unless the restriction is a useless oppression upon the colonies.

Restriction on importations in foreign bottoms, and the exclusion of foreign bottoms from the domestic or coasting trade, creates a monopoly in trade. Restrictions on the importations of foreign manufactures, creates a monopoly in manufactures to the extent of the restriction, and is a complete monopoly, when it amounts to a prohibition. Restrictions on the importation of corn, or other products of agricultural labour, creates a monopoly, *pro tanto*, in agriculture, and if these measures promote the general welfare of the nation, neither the individuals of the nation, nor

foreigners have a right to complain. So long as the restriction applies only to foreigners, the monopoly is public, and although it may be injudicious, is not liable to much abuse, but as soon as it is converted into a private monopoly, it becomes partial and oppressive.

A private monopoly is an exclusion of a part of the citizens from a trade or employment, in which another part are permitted to engage. If New-York was the only port of entry in this country for tea, then the people of New-York would have a monopoly of that trade. If any company or corporation enjoy the same exclusive privilege, the monopoly might be still more oppressive, and such vexatious regulations and interferences by the government are extremely detrimental to national wealth.

Independent of all experience on this subject, it seems natural to conclude, that where a nation enjoys a monopoly, or exclusive privilege over other nations, its wealth would be promoted in consequence of it.

If the United States had a monopoly of the trade of the West India islands, can it be doubted, that such a monopoly would stimulate our national industry? Would not an extensive market for our lumber and for the produce of our soil, furnish additional motives for labour? Would not such a market promote the consumption of it, and prevent the accumulation, which causes our present embarrassments, and the present stagnation of business? Had we such a monopoly, the inhabitants of those islands would afford a direct and immediate stimulus to our woodcutters, sawyers, shipbuilders, sailors, and cultivators of the soil, by consuming the product of their labour, and giving them in exchange, the product of

those islands. This would enable the people of this country to enjoy the necessaries and comforts of life in greater abundance. By becoming the carriers and venders of their commodities, employment would be given to our shipping, which would swell the amount of our profits arising from the monopoly.

These are some of the sources from which the enormous mass of English wealth has been derived in the last two centuries. Why is it that England enjoys a greater degree of prosperity during a period of war with the other maritime nations of Europe, than during a period of peace? Is it not, because she then enjoys to a greater extent a monopoly of the commerce of the world? And if a monopoly of the trade of the whole world be beneficial, surely upon the same principle a monopoly of the trade of a part of it must be beneficial also, though in a lesser degree.

The advantage which a nation derives from a monopoly, does not proceed from the *profits* as such, which arise from the trade, but from the stimulus, which it affords to national industry. This is a very material distinction, and the principal one which distinguishes a public from a private monopoly. A private monopoly affords little or no stimulus to national industry, because it excludes all competition. Those who enjoy the monopoly, regulate the trade to suit their own individual interests, and never admit such a competition, as to lessen the profits on the articles of their trade. They look for large profits on a little labour, and a small consumption; while the interests of the nation require, that the profits should arise on a great deal of labour, and on a large consumption. A private monopoly therefore, stimulates the indus-

try of but a few individuals, while a public monopoly opens a field of enterprise to a whole people, and often stimulates the industry of a whole nation.

If the benefit of a monopoly of a colony trade arose solely, or in any considerable degree, from the industry of the colonies themselves, which is usually the case with private monopolies, it would be liable to all the objections that have been made to it; but when the monopoly is public, the principal benefit arises from the augmented industry of the parent country.

Dr. Smith assumes it as a fact, that any diminution of the profits to the colonists on the production of their labour, in consequence of a colonial monopoly, discourages industry, and prevents production, or as he expresses himself, "hinders at all times their capital from maintaining so great a quantity of productive labour, as it otherwise would maintain."

"The monopoly of the colonial trade" says Dr. Smith, "by excluding the competition of other nations, and thereby raising the rate of profit, both in the new market and in the new employment, draws produce from the old market and capital from the old employment. To augment our share of the colony trade beyond what it otherwise would be, is the avowed purpose of the monopoly. If our share of that trade were to be no greater with, than it would have been without the monopoly, there could have been no reason for establishing the monopoly. But whatever forces into a branch of trade, of which the returns are slower, and more distant, than those of the greater part of other trades, a greater proportion of the capital of any country, than what of its own accord would go to that branch, necessarily renders the

whole quantity of productive labour annually maintained there—the whole annual produce of the land and labour of that country, less than they otherwise would be. It keeps down the revenue of the inhabitants of that country, below what it would naturally rise to, and thereby diminishes their power of *accumulation.* It not only hinders at all times, their capital from maintaining so great a quantity of productive labour, as it would otherwise maintain, but it hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining so great a quantity of productive labour."*

A strange fallacy is at the bottom of Dr. Smith's reasoning on the subject of colonial monopolies, and a singular obscurity pervades his whole argument. It is almost impossible to get distinct and clear perceptions of his premises, or to follow the train of his reasoning to his conclusions; and I am inclined to believe, that his reasoning has been acquiesced in, not because it carried conviction, but because it was incomprehensible. Men have taken it for granted, that there was more in it than met the eye, and their vanity led them to admit his conclusions, rather than admit that they could not comprehend his reasoning.

There are two fundamental errors in his premises, so far as I am capable of comprehending them. The one is in putting the effect for the cause, or the instrument for the agent. He perpetually attributes to capital the functions which belong exclusively to labour. Capital does *this*, and capital does *that*, and in proportion to the magnitude of this agent, will be the magnitude of the effect.

* Wealth of Nations, book iv. chap. 7.

The second error is of kin to the first. He says, that capital employed in a home or domestic trade, is more profitable to the nation, than one employed in a foreign trade.* This may be so, or it may not, as has been shown in a former chapter, and to assume it as a fact in reasoning is altogether unwarrantable, for it is just as likely to lead to a false as a correct conclusion.

Dr. Smith is equally unfortunate in supposing that a colonial policy, which diminishes the profits on the productive labour of the colony, *necessarily renders the whole annual produce of the land and labour of that country less than it otherwise would be.* The meaning of this is, although rather obscurely expressed, that the greater the profits the more industrious the people will be.

Colonial restrictions may reduce the profits of the colonists, but it does not follow, that they will for that reason be the less industrious, or that the annual product of their labour will be the less, and as neither national or colonial wealth depends upon *accumulation,* it matters not whether the profits are great or small, so long as the annual product of labour is not lessened in consequence.

If the profits are sufficiently great to afford a fair and reasonable compensation for labour—if the restrictions are not such as to cause discouragement to labour—if the profits are such as to keep industry steadily at its work; the annual product of industry will no doubt be as great, if not greater; and will probably be more beneficial both to the labourer and to

* Wealth of Nations, book ii. chap. 5.

the colony, than if the profits were twice as great; precisely for the same reason, that it is more beneficial for a nation or a people, to dig in the earth for corn, than it would be to dig for gold, even though the product should be bushel for bushel. So long, therefore, as the restrictions of a colonial monopoly, are not so great, as to prevent a fair compensation for labour, and thereby discourage industry, they will not be prejudicial to the prosperity of the colony. Colonial restrictions may be so great and oppressive, as to produce this effect, but this is not the necessary consequence of a colonial monopoly.

The profits of labour in the West Indies are much greater, notwithstanding their colonial restrictions than in England, and yet the people in those islands are much less industrious, than in England. The profits of labour are much greater in this country, than in England, and yet the people in England are the most industrious. It does not therefore follow, that the industry of the people depends on the profits of labour, or that the product of labour will increase in proportion to the price it bears in market.

The only effectual means of promoting national wealth, is, by augmenting the quantity of national industry, and it would seem, that no argument was necessary to prove, that a public monopoly of any trade, must in its very nature have a powerful tendency to produce this effect. If we had a monopoly of the West India market for flour, which would probably augment the demand for that article five hundred thousand barrels a year, common sense must teach every man, that national industry would be augmented to a degree, equal, or nearly equal to the pro-

duction of that quantity; and if in addition to this we enjoyed a monopoly of the trade in the productions of the West Indies, it would be still more advantageous to our country, unless we were so unwise, as to place such restraints upon their trade, as to discourage industry, by depriving them of a fair compensation for their labour. If our cotton-planters had a monopoly of the English market for cotton, he would be an ingenious man, who should succeed in persuading them, that it would not be for their benefit, or that it would not encourage the industry, and promote the wealth of this country.

Dr. Smith, however, says, that "the monopoly of the colony trade, like all other mean and malignant expedients of the mercantile system, depresses the industry of all other countries, but chiefly that of the colonies; without in the least increasing, but on the contrary diminishing, that of the country in whose favour it is established."*

In what way does the monopoly of the colony trade *depress the industry*, not only *of all other countries*, but *that of the colonies also?* By diminishing the profits on the product of their industry, or in other words, by lessening the demand for it. This is the only possible way, in which the monopoly can depress the industry of the colonies. If they get as great a price for the product of their labour, burdened with, as they would do free from the monopoly, then the monopoly takes from them none of the motives to industry. A monopoly then depresses industry by diminishing the profits on its product.

* Wealth of Nations, book iv. chap. 7.

Dr. Smith also says, that a monopoly of the colony trade, also "depresses the industry of the country in whose favour it is established." In what way does it produce this opposite effect? He tells us, that "by raising the rate of mercantile profit, the monopoly discourages the improvement of land. The profit of improvement, depends upon the difference between what the land actually produces, and what, by the application of a certain quantity of capital, it can be made to produce. If this difference affords a greater profit than can be drawn from an equal capital, in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If the profit is less, mercantile employments will draw capital from the improvement of land.

"The monopoly raises the rate of mercantile profit, and thereby augments somewhat the gain of our merchants. But as it obstructs somewhat the national increase of capital, it tends rather to diminish, than to increase the sum total of the revenue, which the inhabitants of a country derive from the profits of stock; a small profit, upon a great capital, generally affording a greater revenue, than a great profit upon a small one. The monopoly raises the rate of profit, but it hinders the sum of profit from rising so high as it otherwise would do."*

A monopoly then, has the strange and opposite effect of depressing the industry of the colony, by diminishing the profits; and of depressing the industry of the parent country, or "of the country in whose favour it is established," by increasing the profits;

* Wealth of Nations, book iv. chap. 7.

and by parity of reason, industry would be invigorated in the colonies, by increasing the profits, and in the parent country, by lessening them.

It is difficult to conceive how Dr. Smith got entangled in such an absurdity. I can only account for it, from his indistinct and imperfect conceptions of the cause and source of wealth. He, for the most part, considers capital as the active agent in the production of wealth, although he attaches no definite idea to the word capital. Sometimes it means money; sometimes ships, improvements, &c.; and sometimes even land and buildings, and he sometimes considers labour as the cause or active agent, in the production of wealth.

In the present instance, it would seem that he considered capital as the cause of wealth in the parent country, and labour, as the cause in the colonies.—The capital of the parent country, being a given quantity, and capable of employing a given quantity of labour, high mercantile profits, have the effect of withdrawing a part of the capital employed in agriculture, which is, according to his theory, the most productive employment, to merchandise, which is a less productive one; and therefore, the productive industry of the country, is depressed by high profits. In the colonies, however, if capital was considered as the cause of wealth, a monopoly, according to this reasoning, by lessening the profits on mercantile capital, would have the effect of diverting a portion of it to agriculture, and thereby augment the product of agricultural labour.

In reading that chapter in the "Wealth of Nations," on colonies, one would be led to suppose, that in the opinion of the author, high profits on labour, or the

product of labour, were most conducive to wealth in the colonies, and low profits in the parent country. He says, "besides all the bad effects in general, which have already been mentioned as necessarily resulting from a high rate of profit, there is one more fatal perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit seems every where to destroy that parsimony, which, in other circumstances, is natural to the character of the merchant. When profits are high, that sober virtue seems to be superfluous, and expensive luxury to suit better the affluence of his situation."

This reasoning would prove, unless colonists are exceptions to the general rules which govern mankind, that a colonial monopoly which lessened the exorbitant profits on colonial labour and colonial produce, would rather promote than retard the prosperity of the colony.

Inordinate profits, however, are not usually the concomitants of a public monopoly. Where a whole nation is permitted to share the benefits of a particular trade, the competition will be too great to admit of very great profits. Exorbitant profit is a concomitant evil of a private monopoly.

There is another error in Dr. Smith's reasoning on the subject of colonial monopolies, which it may be well to examine a little more at length. He says, "the quantity of productive labour which any capital employed in the foreign trade of consumption can maintain, is exactly in proportion, as has been shown in the second book, to the frequency of its returns. A capital of a thousand pounds, for example, em-

ployed in a foreign trade of consumption, of which the returns are made regularly once in the year, can keep in constant employment, in the country to which it belongs, a quantity of productive labour equal to what a thousand pounds can maintain there for a year. If the returns are made twice or thrice in the year, it can keep in constant employment a quantity of productive labour equal to what two or three thousand pounds can maintain there for a year. A foreign trade of consumption carried on within a neighbouring, is, upon that account, in general, more advantageous, than one carried on with a distant country; and for the same reason a direct foreign trade of consumption, as it has likewise been shown in the second book, is in general more advantageous than a roundabout one.

"But the monopoly of the colony trade, so far as it has operated upon the employment of the capital of Great Britain, has, in all cases, forced some part of it from a foreign trade of consumption carried on with a neighbouring, to one carried on with a distant country; and in many cases from a direct foreign trade of consumption to a roundabout one."*

And, therefore, he concludes, that a colonial monopoly is disadvantageous to a country.

In the second book to which he refers us for proof of this strange doctrine, he says, "the returns of the foreign trade of consumption are very seldom so quick as those of the home trade. The returns of the home trade, generally, come in before the end of the year, and sometimes three or four times in the

* Wealth of Nations, book 4. chap. vii.

year. The returns of the foreign trade of consumption seldom comes in before the end of the year, and sometimes not till after two or three years. A capital, therefore, employed in the home trade will sometimes make twelve operations, or be sent out and returned twelve times, before the capital employed in the foreign trade of consumption has made one. If the capitals are equal, therefore, the one will give four-and-twenty times more encouragement and support to the industry of the country than the other."*

If any man but a philosopher of established reputation, was to utter such nonsense as this, to a merchant, he would be looked upon as a theoretical simpleton; but when uttered by such a man as Dr. Smith, whose reputation for wisdom is almost as extensive as civilization, it is immediately swallowed, as the recondite deduction of philosophic investigation.

In the very same chapter, the doctor tells us, that "the capital of all the individuals of a nation, (that is, the capital of the nation itself,) "is increased in the same manner as that of a single individual, by their continually accumulating and adding to it whatever they save out of their revenue." And in a preceeding chapter, in the same book, he says, that "as the capital of an individual can be increased only by what he saves from his annual revenue, or his annual gains, so the capital of a society which is the same with that of all the individuals who compose it, can be increased only in the same manner."

According then, to one of Dr. Smith's theories, (for he has at least two,) the increase of national wealth

* Wealth of Nations, book ii. chap. 5.

will be ascertained, by ascertaining the amount of individual profits, so that if a merchant embarks in the East India trade, with a capital of a hundred thousand dollars, and in two years doubles his capital, after deducting all his expenses, it will follow, that the capital of the nation has been augmented a hundred thousand dollars, by this trade; although the capital may not have made more than *one operation, or been sent out and returned more than once.* And according to this rule, a merchant with an equal capital employed, either in the home trade, or in trade with a neighbouring nation, which capital shall have made *twelve operations* in the same time, but which shall only have increased fifty per cent. by those operations, will only have increased the capital of the nation half as much as the capital employed in the foreign trade. According to one rule, the former capital will have increased national wealth twice as much as the latter. According to the other rule, the latter capital will have increased the capital of the nation, either twelve or twenty-four times, (I am not able to tell which,) as much as the former.

A merchant would laugh at an ordinary man, who should tell him that his capital would be increased in proportion to the frequency of its *operations,* or the oftener it was sent out and returned. The truth is, the profits of a trade to a merchant, or its advantage to a nation, does not at all, depend upon the frequency of the returns of the capital. A capital employed in the East India trade, may be, and usually is, vastly more profitable than an equal capital employed in the West India trade; and no capital, in any trade, ever *employs industry* or *puts it in motion;*

it is industry, or labour, which employs capital and puts it in motion, or makes use of it as an instrument of profit; and whether it will require more labour to manage a capital employed in one trade or another, depends entirely on circumstances. It may require more labour to manage a capital of a hundred thousand dollars employed in a foreign than in a domestic trade, or *vice versa*, but the quantity of labour a capital may require to manage it, depends upon such a variety of circumstances, that no general rule can be laid down respecting it. And the frequency of the returns of the capital, or more properly the frequency of making exchanges, is not a less fallacious criterion for ascertaining the national advantages arising from any particular trade. A retailer of ardent spirits will probably turn his capital ten times, while a whale fisherman is turning his once, but the capital of the latter is much the most beneficially employed for his country. Capital employed in the slave trade may yield greater profits, and may be turned more frequently than one employed in the fur trade, but it will hardly be contended, that it is more conducive to national wealth.

Although no precise rules can be laid down, as to profitableness or utility of a trade, or of any other employment, upon the ground of the shortness of the intervals at which exchanges are made, or the profits received; yet it will, perhaps, more generally be found that the longer the intervals between the exchanges, or as Dr. Smith would say, the more distant the return of the capital, the greater the profits. If there be any rule on the subject, the longer the voyage, the greater the profit, because there are fewer

who can so long wait the return of their capitals, and of course there is less competition; and if individual profit be national gain, the very reverse of Dr. Smith's doctrine is true.

In agriculture also, those systems, which realize the profits at the most distant periods, are usually most conducive both to individual, and national wealth, because they are usually the most enlarged and improved systems of cultivation, and have the greatest tendency to promote patient persevering industry. The more distant the hope of reward for labour, provided it be sufficiently near to keep the labourer steadily at his work, the more conducive it is to industry. A man who is accustomed to turn his capital, or to receive the profits of his labour three, or four times a year, is more impatient and unsteady in his business, than one who has laid his plans upon so extensive a scale, that he cannot expect his reward for his labour under several years. The influence of every political measure, and of every species of trade upon national wealth, is to be determined by the effect it has upon the industry of the nation, and not by the frequency of the return of capital, or the amount of the merchant's profits, for these are entirely distinct from national wealth.

If a colonial monopoly affords a more extensive market for the product of a nation's industry, than it would enjoy without the monopoly, it must necessarily afford a stimulus to its industry. It will prevent an accumulation of the product of industry, and although our political economists may tell us, that this accumulation constitutes national wealth, yet they

can never persuade people with unsophisticated common sense to believe it.

The universal agreement of all men upon any subject, which involves nothing but plain matter of fact, may, without risque, be received as truth. All nations have considered it a matter of importance, in forming commercial treaties, to obtain some peculiar privileges or advantages over other nations in the commerce of the nations, who are parties to the treaty. This is the principal object of commercial treaties, and Dr. Smith himself admits, that the nation whose commerce is favoured, must necessarily derive great advantage from the treaty. Such treaties create a species of monopoly, and they are deemed more or less beneficial in proportion to the extent of the monopoly.

But if a monopoly obtained by a treaty, is beneficial to a nation, why should not a monopoly of a similar kind secured by a colonial policy be equally beneficial? The celebrated treaty between England and Portugal, called the Mathuen treaty, is a memorable instance of the benefit, which a nation may derive from a monopoly of a particular trade, with a foreign nation. The effect of that treaty was, to give to England a monopoly of the trade in woollen cloths to Portugal, and it enabled her in a few years, to destroy the woollen manufacture of Portugal. By affording an entensive market for these cloths, it encouraged the industry of the English nation, and promoted its wealth. The monopoly of a colonial market of equal extent would have been equally beneficial.

If in a commercial treaty with the United States.

England could secure to herself the privilege of introducing her manufactures into this country, free of duty, will any pretend that she would not secure to herself a very great advantage, one calculated greatly to promote her wealth and prosperity? Such a treaty would secure to her a monopoly in manufactures to the extent of our market, even against our own citizens, for they could not enter into competition with the people of England, in this branch of industry. If all other nations enjoyed the same privilege, then the monopoly would be shared among them, and the competition would be among them, but not with our own people, for they would be driven from the field of competition. Public monopolies and a colonial policy of restrictions may therefore be very beneficial to a nation.

Diplomatic skill consists principally in being able to gain an advantage in arranging the terms upon which the commerce of the contracting parties shall be carried on; and political skill consists in a great degree, when a nation has colonies, in constructing such a colonial system, as shall secure to the nation the exclusive benefit of the trade of those colonies with the least injury to the colonies or nation.

The great error of Dr. Smith's theory respecting colonial monopolies, proceeded in the first place from his not making a distinction between a nation and the individuals of whom it is composed, and in confounding national with individual wealth. He did not preserve the UNITY of a nation. His second error proceeded from his not making a distinction between national and individual monopolies. He had in short involved himself in a labyrinth of artificial distinctions and definitions, from which he was unable to

extricate himself. And hence the indistinctness and obscurity which pervades his writings upon the subject of colonial monopolies, as well as many others.

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## CHAPTER VIII.

### *Protecting Duties.*

In imposing duties on importations, governments have a two-fold object. The one is to raise a revenue; the other, to secure to its own citizens, some advantage or privilege, over the citizens of foreign governments, in the domestic trade and industry of the country. All writers on political economy, admit the expediency of raising a revenue by imposts. The only questions that are ever made on this branch of the subject, respects the amount of the revenue that ought to be raised by imposts, and the mode of collecting it.

But the expediency of laying import duties, for the purpose of securing to citizens some advantage, or privilege, over foreigners, in the domestic trade and industry of the country, has been vehemently controverted by many of the most celebrated and popular writers on political economy, at the head of whom stands Adam Smith.

Imposts, bounties, drawbacks, and corn laws, are all branches of the same system. They are only different expedients for accomplishing the same object—the encouragement of the industry of the nation.

Their object is to create an absolute or qualified monopoly, according as the duty amounts to an absolute or qualified exclusion of foreigners, from a participation in any particular branch of the trade or industry of the country. This system is opposed to that of *free trade.*

Although all nations have, to a greater or less extent, adopted the monopoly system, with respect to their own domestic trade and industry, yet the policy of doing so, has been much questioned by a very numerous sect of politicians; and many, who admit the expediency of this policy, consider it wrong in itself, but rendered necessary, in order to counteract the restrictive measures of other nations.

Upon this question, the United States is at present divided into two parties; those who are in favour of, and those who are opposed to raising the tariff. One party contends, that the only object of imposts, should be the raising a revenue; the other, that they should be resorted to, for the purpose of creating a qualified monopoly of our own domestic trade, and for the purpose of encouraging manufactures. The former are the partisans of a free trade—the latter, of a restricted trade.

It is not my intention to discuss the merits of this particular question. Whether the present tariff ought to be raised or lowered, depends upon particular local circumstances, which are perpetually varying; and upon a vast variety of facts, not within my knowledge, and respecting which, I have no means of informing myself. All that I propose to do, is to ascertain and illustrate the principles upon which this, and all other questions like this, ought to be decided.

When these principles shall be established, any man, by referring to a complete statistical table, will be able to determine whether a tariff is too high or too low.

Upon all subjects, relating to political economy, and especially upon the subject of *protecting duties*, it is ever to be remembered, that the public interests are paramount to individual interests—that a private mischief, or inconvenience, must be endured for the public good; and that when a political economist has shown that public and private interests are opposed, he has made out a case, in which the interposition of the government is necessary; he cannot be required to prove that private interests ought to give way—this is to be taken for granted.

In military tactics, it is a fundamental principle, that the army is ONE, and the general the head; no soldier is permitted to have a right, or an interest, opposed to the general good of the army. So, in political economy, it should be a fundamental principle, that the nation is ONE, and the legislature the head; no citizen should be permitted to have a right, or an interest, opposed to the general good of the nation. Until this comes to be admitted, and acted upon as a fundamental principle, political economy will remain in its present crude, chaotic state, and cannot be subjected to the rules of science.

It may, with as much propriety, be maintained, that the power and capacity of an army, would be augmented, by permitting every soldier to exercise and employ his military skill and prowess in what way he pleased, as that the power and capacity of a nation will be augmented, by permitting every citizen

to employ his skill, industry, and capital, in what way he pleased.

The rights and duties of a general and his soldiers, are totally distinct, and frequently opposite. The rights and duties of a legislature, and its citizens, are as distinct, and scarcely less frequently opposite. The soldier should have as much liberty, as is consistent with the good of the army. It would be oppression to deprive him of this. The citizen should have as much liberty, as is consistent with the good of the nation. To deprive him of this would be tyranny. More than this, he ought not to claim. The general is the judge in the case of the soldier. The legislature is the judge in the case of the citizen. Soldiers take all the liberty their general will give them.—Citizens take all the liberty the law allows them—they were never known to refrain from engaging in any profitable trade or business, which the law allowed, because it was detrimental to the nation. If the slave-trade is profitable, they will engage in it, unless the law forbids it, and often even then. If they refrain at all, when there is no law against it, it will be from other and higher motives, than regard to the nation's welfare; and it will be the same with every other kind of trade or employment.

We often hear people talk about individual rights, in a strain that would lead one to suppose, that national interests, and individual rights, were often at variance. They seem to suppose, that the right of property is absolute in the individual, and that every one has a right to sell to whom he pleases, and to buy of whom he pleases; and that any interference by the government, in restraining the exercise of this right,

is arbitrary and tyrannical. They will tell us, that government has no right to control them in the disposition of their property, merely with a view, that other citizens may derive a benefit from it.

This is a manifest error. Individual right to property is never absolute, but always relative and conditional. There is no such thing as perfect, absolute rights, but in those things which are the gift of nature; such as life, liberty, strength, talents, personal beauty, &c. The right to property, is merely conventional or conditional, subject to such regulation as may be made respecting it, with a view to the general interests of the whole nation. No man has, or can have, a perfect exclusive right to property of any description. Every man in the community, has a qualified right to it, and under certain circumstances, has a right to a living out of it. The public right to every piece of property in the kingdom, is superior to the private right of the individual owner. Hence, the right of the public to take any man's property from him, whenever it becomes necessary for the public good. If this were not so, the social compact would not be sustained; government could not be supported.

If individual right to property was absolute, government would have no right to take an individual's property from him, for any purpose whatever. The public has no right to deprive a man of his life, his liberty, his talents, his strength, his personal beauty, or of any other gift of nature, for the public good; and for the plainest reason in the world, because he does not derive any of these from the public—they are the gifts of his creator, and He alone has a right to deprive him of them. No man, or body of men, has a

right to take them from him, unless they have been forfeited by some crime.

Upon the same principle that God has a right to deprive a man of health and life, government has a right to deprive him of his property. The former is the bounty of God, and held subject to his will. The latter is the bounty of the government, and held subject to its will. But for the social compact no man could have an exclusive right to any spot of this earth. The right of property is therefore a conventional right, and the public grants no title to property in derogation of the public weal. An individual may have a title to property, superior to the title of any other individual, or to any number of individuals, less than the whole, but it cannot be superior to the title of the whole, because the whole includes the title of the individual himself, as well as the title of every body else. Hence the right of the public to take a man's property for the purpose of making public roads, or erecting fortifications, or for any other purpose, which the public good may require.—Hence the right of the government to levy and collect taxes in any manner the public interests may require.—Hence the right to prohibit a man from selling his property to foreigners, or to buy from them those things he may want. The government has a clear and perfect right to make any regulations respecting property, or trade, which the public interests may require.

Every question therefore, respecting a tariff, or protecting duties, must be a question of *expediency*, and not a question of *right*.

At the head of the partisans of a free trade, as contradistinguished from a trade restricted by *pro-*

*tecting duties*, stands Adam Smith. He is supposed to have placed the subject in the strongest light, in which it is susceptible of being placed, in favour of a free trade. It may therefore be well to examine a little into the solidity of his reasoning upon the subject.

He says, "that, this monopoly of the home-market frequently gives great encouragement to that particular species of industry, which enjoys it, and frequently turns towards that employment, a greater share of both the labour and stock of a society, than would otherwise have gone to it, cannot be doubted. But whether it either tends to increase the general industry of the society, or to give it the most advantageous direction, is not, perhaps, altogether so evident.

"The general industry of the society never can exceed what the capital of the society can employ. As the number of workmen that can be kept in employment by any particular person, must bear a certain proportion to his capital, so the number of those that can be continually employed by all the members of a great society, must bear a certain proportion to the whole capital of that society, and never can exceed that proportion. No regulation of commerce can increase the quantity of industry in any society beyond what its capital can maintain. It can only divert a part of it into a different direction, into which it might not otherwise have gone, and it is by no means certain, that this artificial direction is likely to be more advantageous to the society, than that into which it would have gone of its own accord."*

* Wealth of Nations, book iv. chap. 2.

Here Dr. Smith has again fallen into that strange absurdity, which has been so often noticed, of attributing to *capital*, the functions, which alone belong to labour. He seems to suppose, that capital possesses a given power, and that a given quantity of capital can employ and maintain a given quantity of labour and no more.

By capital he no doubt means all the property in the country both real and personal. The farmer, the merchant, and the manufacturer, can each employ a number of workmen or labourers, in proportion to the amount of his capital, or property. A farmer, with a capital of fifty thousand dollars, can employ and maintain ten, fifty, or a hundred labourers, and no more.—A merchant with an equal capital, can employ and maintain five, twenty, or fifty labourers, and no more. And a manufacturer with the same capital, can employ seven, thirty, or seventy labourers, and no more.

This must be, what Dr. Smith means, when he says, that "the general industry of the society never can exceed what the capital of the society can employ." He does not tell us, what amount of industry a given quantity of capital can employ. Had he furnished us with a scale, by which we could determine what quantity of labour a given quantity of capital could employ in the different branches of industry, we could then have determined the comparative advantages of employing capital in those different branches. Had he told us, that ten thousand dollars capital could employ twenty labourers in agriculture, fifteen in manufactures, ten in domestic, and only five in foreign commerce; or told us the precise scale of

proportion between capital and labour, in these different occupations, it would have enabled us to test the accuracy of his reasoning by experiment. If the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital, then that proportion, of the number of labourers that capital can employ, may be ascertained by actual experiment; and if the number of those that can be continually employed by all the members of a great society, must bear a certain proportion to the whole capital of that society, and never can exceed that proportion, surely that proportion may be ascertained by actual experiment.

If the capital of a farmer can employ a certain quantity of labourers, and no more, it is easily ascertained, what quantity of industry a given quantity of capital can employ; and if this be sound doctrine, it is very surprising, that the world should have been left in darkness so long on this subject.

If Dr. Smith's notion on this subject be correct, by ascertaining the amount of property or capital in the United States, and then ascertaining by actual experiment, what quantity of industry a given quantity of capital can employ, every school-boy would be able to tell, by a sum in the simple rule of proportion, what *number of labourers could be continually employed, by all the members of this great nation.*

This theory is, however, fanciful in the highest degree. There is no existing proportion between capital and industry. Capital, in truth, never does employ labour, or maintain industry, but it is labour that employs capital, or more properly, manages property, and the quantity of labour required to manage

a given quantity of property, depends entirely on the state of improvement the property is in—on the use that is made of the property, and the manner in which it is managed.

A farmer with a capital of fifty thousand dollars, may employ only ten labourers, or he may employ a hundred, or any other number; and so of the manufacturer and merchant. The property in the United States, may only employ and maintain the present ordinary quantity of industry in its management, or it may employ and maintain twice that quantity; or in other words, there might be twice as much labour bestowed annually in the management of the property, as there is at present, and the product of industry would, in consequence, be twice as great as at present.

It might not be possible to bestow, (at least profitably,) twice as much labour in the management of the commerce of a country, because the quantity of commercial industry, is always limited to the quantity of produce there is to be exchanged, but there can be no limit to the quantity of labour that might be bestowed upon agriculture and manufactures.

"Again," says Dr. Smith, "every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society which he has in view. But the study of his own advantage naturally leads him to prefer that employment which is most advantageous to the society."*

* Wealth of Nations, book iv. chap. 2.

This is, indeed, a most extraordinary doctrine. It is, however, the necessary consequence of confounding national with individual interests and wealth. An individual may study his own advantage by smuggling goods, but it will hardly be pretended that, that is an "employment most advantageous to the society," or nation. An individual may study his own private advantage in employing his capital in the slave trade, but he would not thereby study the advantage of the nation.

It seems to be an admitted dogma with Dr. Smith, that national interests and individual interests are never opposed, but a more unsound doctrine in principle, or a more abominable one in its consequences, cannot well be imagined. Such a doctrine, if adopted in practice, would destroy all government, and tear up the very foundations of society.

Dr. Smith takes it for granted that it is more desirable for the individual, as well as more profitable for the nation, to employ capital in a domestic, than in a foreign trade, and thence concludes, that individuals will, if let alone by the government, of their own accord, employ their capital in the domestic occupations of the country, in preference to embarking it in foreign trade, unless there is a great disparity in the profits.

He says, "every individual endeavours to employ his capital as near home as he can, and consequently as much as he can in support of domestic industry, provided always he can thereby obtain the ordinary, or not a great deal less than the ordinary profits of stock.

"A capital employed in the home trade, necessa-

rily puts into motion a greater quantity of domestic industry, and gives revenue and employment to a greater number of inhabitants of the country, than an equal capital employed in a foreign trade of consumption: and one employed in the foreign trade of consumption, has the same advantage of an equal capital employed in the carrying trade. Upon equal or nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country."*

It is a favourite doctrine, and it may indeed be said to be a fundamental principle, in Dr. Smith's theory, that capital employed in domestic occupations is most beneficial to the nation and most conducive to national wealth. He divides occupations into four classes. That of the farmer—of the manufacturer—of the merchant, and of the retailer. He then forms a graduated scale, though not a very precise one, of the productiveness of capitals employed in these different occupations. The capital of the farmer is the most productive—that of the manufacturer next—that of the wholesale merchant the next, and that of the retailer least. To which of these occupations the carrying trade belongs, he does not say, but intimates that capital employed in it, is the least productive to the nation of any. To these rules no exceptions are made. Dr. Smith does not admit that capital employed in foreign trade, is ever as productive of national wealth as an equal capital em-

* Wealth of Nations, book ii. chap. 5.

ployed in agriculture, nor that the capital employed in commerce, could not be more beneficially employed in agriculture, and of course if it were to be withdrawn from commerce and employed in agriculture, national wealth would be thereby promoted.

If capital employed in agriculture is always more productive of national wealth, than an equal capital employed in commerce, then it follows necessarily, that national wealth will be promoted by diverting capital from commerce to agriculture.

He says, it is true, "each of these branches of trade is not only advantageous, but necessary and unavoidable." But if each trade or occupation is necessary and unavoidable, how can their comparative advantages, or productiveness be estimated? If foreign trade is necessary and unavoidable, with what propriety can it be said, that capital employed in agriculture is always most productive of national wealth? I have always supposed that the comparative advantages of two necessary and unavoidable things, could not be estimated. How can the comparative advantages of food and drink, in sustaining human life, be estimated? It may be said, that food is more valuable than water because it requires more labour to obtain it, but without water it would have no value in any sense of the word. So it may require more labour to cultivate the earth, than to convey its products to market, but as it would be useless to rear its products unless they could be conveyed to market, the comparative advantages of the labour, or of the capital employed in the two occupations, cannot be estimated; or, rather no discrimination or preference can be made between them.

For a political economist to undertake to estimate the comparative advantages of labour, or of capital employed in agriculture and commerce, is not less idle than it would be for him to undertake to estimate the comparative advantages of sowing and reaping.

But if Dr. Smith's reasoning be sound, it furnishes a powerful argument in favour of the interposition of government to regulate the employment of capital. If capital employed in one occupation be more beneficial to the nation and more conducive to national wealth—if it employs more labourers and maintains more industry, then any regulation by government, which should have the effect to direct capital from the less to the more productive employment, would promote national wealth. A law which should divert capital from the carrying trade, or from a foreign trade of consumption, to agriculture, would promote the wealth and prosperity of the nation.

But if, on the contrary, the study of his own advantage naturally, or rather necessarily leads every individual to prefer that employment which is most advantageous to the society; then it follows that agriculture is not the most productive employment of capital, even for the nation, because there are thousands of individuals in every community who employ their capitals both in the carrying trade, and in the foreign trade of consumption. One of Dr. Smith's principles therefore is directly at variance with the other, and one or the other must be erroneous, and perhaps it will hereafter appear that both are erroneous.

Again, says Dr. Smith, "every individual who employs his capital in the support of domestic industry, necessarily endeavours so to direct that indus-

try, that its produce may be of the greatest possible value.

"But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual product of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can, both to employ his capital in the support of domestic industry; and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can.

"What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman that should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would no where be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

"To give the monopoly of the home market to the produce of domestic industry, in any particular art or manufacture, is, in some measure, to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign indus-

try, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is a maxim of every prudent master of a family, never to attempt to make at home, what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own cloaths, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase, with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

"What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them, with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the above mentioned artificers; but only left to find out a way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus diverted towards an object which it can buy cheaper than it can make."

It may be admitted, that if individuals, or a nation, can buy an article cheaper than they can make it, they had better buy than to make, as a general rule;

but to this general rule there are many exceptions, and these exceptions will embrace the policy of protecting duties to as great an extent, as have ever been contended for by the partisans of a restricted trade.

The doctrine, however, of buying, when we can buy cheaper than we can make, as illustrated, or rather, as stated without illustration, by Dr. Smith, is most erroneous and unsound, when applied to individuals. Had he explained what he means by buying cheaper than we can make, the doctrine might, perhaps, have been admitted as correct. But, in the broad terms in which the doctrine is laid down, it is never adopted by prudent individuals, and much less by nations. If an individual were to go upon the principle of buying what it will cost him more to make than to buy, in the ordinary acceptation of the phrase, it would lead him to inevitable ruin. Every case of this kind, depends on its own circumstances.

It may, as an ordinary rule, be better for the tailor to buy his shoes of the shoemaker, than to make them himself, but it may be better to make than to buy them. If he can have constant employment in his own trade, he had better buy his shoes than to make them. If he has not, it may be better to make than to buy them. If a tailor cannot sell his own work, he had better spend a week in making a pair of shoes, than to buy them with the price of an ordinary day's work. Whether it be better for a farmer to buy his own cloaths, and shoes, than to make them, depends entirely on circumstances. Sometimes it is better to do the one, and sometimes the other. If he can buy them with some of the produce of his own industry, "employed in a way in which he has some advan-

tage," better to buy than to make them; if not, he had better make than buy them. A tailor, who can find employment in his trade only one half of his time, had better employ the other half in making shoes and raising corn, than to be idle that time, and buy his shoes and corn at any price, no matter how cheap. So, the farmer, who can only find a market for one half the product of his labour, will find it more for his interests to employ one half of his time in manufacturing various articles, than to buy those articles at any price whatever. If the tailor and shoemaker will take corn for their work, it will probably be better to buy than to make. This, however, will depend on the quantity they will give in exchange. This is a universal principle—a principle upon which all prudent men act. It applies to all classes of people, to communities, as well as to individuals. This is the true meaning of the doctrine of buying, when you can buy cheaper than you can make. But, from the general unqualified manner, however, in which Dr. Smith lays down the doctrine, one would be led to suppose, that in his opinion at least, it would always be better for the tailor to buy his shoes and his corn, than to make the one, and raise the other, by his own labour; and that the farmer could never be profitably employed in making cloaths and shoes.

This doctrine, when rightly explained, is as applicable to nations, as to individuals, as indeed, are all other principles of nature. Nature has not made one set of principles for individuals, and another set for nations, which are in opposition to each other. Indeed, nations are not the creatures of nature. Nature made individuals, and established certain laws for

their government, out of these man has formed nations.

The principles which are applicable to individuals, are also applicable to nations; but in order to apply them properly, we must consider nations as individuals, distinct in all their parts, and not as part *individual* only. The nation must be considered as one and indivisible. Let this be done, and we shall not be embarrassed with individual interests and rights, as contradistinguished from national rights and interests. Individual interests are perpetually at variance with national interests. Hence the absurdity of supposing, that which is beneficial to individuals is also beneficial to the nation. An individual, or a class of the community, may be benefitted by being permitted to import goods, free of duty, but it does not necessarily follow, that the nation would be benefitted by it.

It may be beneficial to cotton and tobaccō-planters, to be permitted to import cotton and woollen cloths for their own consumption, free of duty, from England, because in England they find a market for their produce. They can exchange "some part of the produce of their own industry, employed in a way in which they have some advantage." As regards the cotton and tobacco-planters, distinct from the nation, they are in the situation of the tailor and shoemaker, who have constant employment in their trades, when it is better for them to buy of each other, the respective products of their labour, than to make for themselves; but taking the whole United States together, as an individual, with a unity of rights and interests, and it may be better for it, to make

its own cotton and woollen cloths, than to import them, even at any price; precisely for the same reason, that it is better for the tailor to make his own shoes, when he has nothing else to do, or to employ his unoccupied time in making shoes, than to remain idle, and buy them at any price.

The question in the one case is, has the tailor full employment in his trade, and the answer to this question will determine whether he had better seize hold of the awl and the plough. So, in the case of the nation, the question is, has it full employment in raising tobacco and cotton, and in its other ordinary occupations? if it has not, it will be wiser, and more conducive to its wealth, to employ its unoccupied time in manufacturing cotton and woollen cloths, than to import them from England at any price.

As to the soundness of this principle there can be no doubt. In its application it is universal both to individuals and nations.—It is far less variable than the mariner's compass. The only difficulty consists in its application.—In knowing exactly what portion of a nation's time is unoccupied—how much *surplus labour* it has on hand, which might be profitably employed. The perplexity is also increased by the opposition of individual and national interests, and the difficulty of separating them. But the duty of a legislator, when these interests are once distinguished and separated, does not admit of discussion. It may with as much propriety be contended, that one class of citizens should be permitted to smuggle goods, because it is for their benefit, as that another should be permitted to import them at a low tariff, because it is

for their benefit, when opposed to the general interests of the nation.

The sophistry of Dr. Smith's reasoning consists in a great measure, in his not discriminating between national and individual interests. He considers the interests of some particular class of citizens, as identical with the interests of the nation, when in reality they are, perhaps, directly opposed. This is the only principle upon which it can be maintained, that, "to give the monopoly of the home market to the product of domestic industry, in any particular art or manufacture, must generally be hurtful."

A measure of government may interfere with the private interests of an individual, or a class of individuals; but if at the same time, it promotes in a greater degree, the interests of a larger class of individuals, it will be beneficial to the nation, and will promote national wealth.

Such are some of the absurd consequences of confounding national with individual wealth. Dr. Smith's reasoning would be sound, if it was true, that national and individual interests were never opposed. Common sense, however, teaches us, that they are often opposed.

The question, whether the importation of manufactures should be prohibited, or the tariff raised, does not at all depend upon the fact, that they can be procured by the consumer cheaper in foreign countries, than in his own. Buying goods where they may be had cheapest, may be the best policy for individuals, while buying them where they come dearest, may be the best policy for the nation. Dr. Smith's doctrine

cannot be admitted, till he proves, that individual interests are never at variance with national interests.

If it be admitted, that a man had better employ a week in making a pair of shoes, when he has nothing else to do, than to pay the ordinary price of a day's labour for a pair, I should like to know, why the same principle will not apply to a nation. The cases are parallel, if it be admitted, that a nation is a UNITY. If it be not a unity, I should like to know, what it is.—If a plurality, I should like to know whose interest among its members is paramount, or whether each member is to be permitted to pursue his own interest regardless of the public good, and if so whether this would not utterly destroy the social compact.

If a nation has not full employment in its ordinary vocations, is it not better to employ its unoccupied time in manufacturing cotton and woollen cloths, than in doing nothing? And will this not be a saving of just so much, as the cloths would have cost in foreign countries? Suppose a nation has so much unemployed time, as is necessary to manufacture such a quantity of goods, as would cost a million of dollars to purchase in the place where they could be had the cheapest. Suppose, this quantity of goods to be manufactured in consequence of prohibiting the importation of foreign goods, without withdrawing labour from other branches of industry. Now it matters not, at what price these goods come to the consumers, whether double, triple, or quadruple the price, at which they could have been procured at some other place, the saving to the nation will be, a million of dollars, just as certainly as the tailor would save the

price of a pair of shoes, by making them when he had nothing else to do.

The only difficulty in comprehending this subject is in distinguishing between individual and national interests. Let it be admitted that a nation is a UNITY, and national interests paramount to individual interests, and the other consequences inevitably follow. The question of cheapness and dearness is altogether irrelevant, and out of the case. Dr. Smith is upon a wrong scent and his doctrine given to the winds.

In order to legislate wisely on this subject, a legislator has no occasion to puzzle his brain about the balance of trade—the exportation of specie—the comparative advantages of a metallic and paper currency, or any such ridiculous subjects, with which political economists, (if they can be dignified with the appellation,) have puzzled their own brains, and bewildered the science of political economy. These subjects may safely be left to merchants. All a legislator has occasion to ascertain, is, whether the nation has full employment, and if not, to furnish it.

It is the duty and interest of the planter to find employment for all his hands, and if this cannot be done in one branch of business, to seek out another. So it is the duty of the legislator to find employment for all the people, and if he cannot find them employment in agriculture and commerce, he must set them to manufacturing. It is his duty to take special care that no other nation interferes with their industry. He is not to permit one half of the nation to remain idle and hungry, in order that the other half, may buy goods where they may be had cheapest.

A legislator may not, however, as Dr. Smith supposes the consequence of this doctrine to be, "direct private people in what manner they ought to employ their capitals." He may not direct one man to engage in this business, and another in that. Every man is to be left free to engage in what business he pleases, but he ought not to be allowed to afford patronage and support to the industry of foreigners when his own fellow citizens are in want of it.

The question is simply this: there is a cotton spinner, and a lace maker in this country, who want bread, and who know no other method of earning it, but by their trades. There is also a farmer in this country who has corn for sale. There is also a cotton spinner, and a lace maker in England, who want bread, and who are willing to buy it with the product of their labour, and who, from particular circumstances, can furnish cotton goods and lace cheaper than their competitors in this country. Which has the highest claims on our government, its own citizens or foreigners? Shall the farmer, who wants cotton goods and lace, be permitted to send his corn to England, to buy those articles, and leave his own fellow-citizens to want bread, because they cannot furnish the articles as cheap as Englishmen? If the claims of foreigners and citizens stand upon equal ground, then the farmer ought to be left at liberty to supply himself from which he pleases, and to sell his corn where he pleases. Provided the general good of the country require that the farmer should be compelled, either to do without these articles, or to buy them of his fellow-citizens, he has no right, to complain of being compelled to do this, for he holds his

land upon which he raised his corn upon condition, that he should use it, in such a manner as shall be most for the public good. His right of property is not absolute, for the whole community has an interest in it, and the nation has a right to make such regulations respecting it, as the public good shall require.

It may, perhaps, be urged, that if there be any part of the nation unemployed, they are at liberty to engage in manufactures, and may sell them for what they will bring, which will be so much clear gain to them at whatever price they may be sold. In other words, they will be in the predicament of the tailor, who makes shoes when he has nothing else to do. That the more fortunate classes of the nation, who have full employment in their occupations, and an ample market for the product of their labour, ought not to be compelled, either to support the less fortunate classes, or to share with them their gains. The tailor and farmer, when unemployed in their ordinary occupations, find it for their advantage to turn a part of their attention, the one to making shoes and raising corn, the other to making cloth and coats, and they therefore do it, without any law to encourage them to do so, or to prevent them from dealing with each other, whenever they think proper; so that part of the nation which is out of employment will turn their attention to manufactures, whenever they find it for their interest, without any law to encourage them to do so, or to compel the rest of the nation to consume the product of their labour.

This is again destroying the unity of the nation by dividing it up into classes, and looking to the interests of individuals, instead of looking to the inter-

ests of the whole, as one and indivisible. Dr. Smith's favourite analogy of the tailor is not preserved, and the reasoning is, therefore, unsound. Let the analogy between individuals and nations be preserved throughout, and if it establishes the doctrine of *free trade*, I will become a disciple of Dr. Smith.

The analogy between an individual and a nation is departed from, and the above reasoning is, therefore false, because the *predicate*, in the two cases is different, and yet the same conclusion is drawn from each. The whole tailor is the predicate in one case, a fraction of the nation the predicate in the other, and to draw the same conclusion from each, is not less absurd, than it would be, to conclude that a tailor who had employment in his trade only half his time, had no employment for one of his hands, and had, therefore, better employ his right hand in making coats and his left hand in making shoes.

In the first place there is no specific part of the nation wholly unemployed, any more than one of the tailor's hands is wholly unemployed, because he has not constant employment in his trade. The cotton and tobacco-planters, and a few other classes, may, perhaps, have full employment, in their occupations, because there is a complete consumption of the product of their labour. All the other classes may be unemployed, more or less. There is not such a demand for the product of their labour, in their various occupations, as to call forth their usual energies, and excite such a degree of industry, as is necessary to procure an ordinary portion of the necessaries and comforts of life; but in order to engage in manufac-

tures, it is necessary that a portion of the nation, devote their exclusive attention and industry to the business, and they must be able to live by it.

To show the positive benefit which restrictions and prohibitions on importations of foreign manufactures, may have, in promoting national wealth, let us suppose the unemployed time of the nation, to equal the perpetual idleness of a hundred thousand men. In order to give the nation full employment, and to promote national wealth to the greatest possible degree, we will also suppose, that a hundred thousand men engage in manufactures. That labour they were in the habit of performing, in other occupations, and which afforded them a scanty support, they leave to be performed by the rest of the nation, which of course by giving them full employment, enables them to enjoy in greater abundance, the necessaries and comforts of life. In order to ascertain whether these men can live by their new employment, without any encouragement and protection from the government, by restrictions and prohibitions on importations of those articles, they are employed in manufacturing, several important inquiries must be made.

What quantity of goods can these men manufacture in one year? What is the value of the same quantity of goods of foreign manufacture? What portion of this value did the raw material constitute? What quantity of manual labour did it require to manufacture these goods in the foreign country? In short, what is the comparative expense of manufacturing an equal quantity of goods in the two countries? The result of this inquiry will show whether these men can live by their labour, without encourage-

ment and protection by the government, and what degree of protection is necessary to enable them to carry it on.

The quantity of goods which these hundred thousand men manufacture annually, must sell for enough to pay for the raw materials—for the necessaries and comforts of life consumed by them and their families, while employed in manufacturing the goods: and as they are as meritorious a class of labourers, as any other in the nation, and equally entitled to the favour of the nation, they should be allowed an ordinary share of the necessaries and comforts of life,—a share equal to that enjoyed by other labourers. In addition to this the goods must sell for enough to pay an ordinary profit on the money vested by the capitalists in these manufactories. Unless this is done, the business cannot be prosecuted. Unless the goods sell for enough to pay for the raw material, and the necessaries and comforts of life, consumed by the labourers, while employed in their work, there will be a positive loss to the manufacturers. If a man employed in making shoes cannot sell his work, for as much corn as he eats while at work, he must necessarily starve by his work.

If then the unemployed time of the nation equals the perpetual idleness of a hundred thousand men, and a law which prohibits the importation of foreign manufactures, has the effect of giving employment to a hundred thousand men in manufactures, without at the same time diminishing the amount of agricultural and mercantile industry, the consequence of such a a law, will be, to augment national wealth, to the precise amount that the goods would have cost, had they been imported from foreign countries. This

effect is produced without diminishing one whit the consumption of the country; but, on the contrary, encouraging it—without depriving the nation of any of the necessaries or comforts of life, but furnishing them in greater abundance. Some classes of society, may perhaps, get less. but others get more. The capacity of the nation, to acquire the necessaries and comforts of life, will be increased to the amount of what has been thus saved; or rather, in proportion to the increase of industry, which is equal to the labour of a hundred thousand men.

This shows the advantage of a system of political economy, which regards a nation as an *individual*, or UNITY, in opposition to a system which considers it as an indefinite number of individuals, all having distinct and separate interests, always in opposition to each other, and often in opposition to the interests of the nation.

The doctrine of buying, where we can buy cheapest, may be overthrown by another mode of reasoning. What does Dr. Smith mean, when he says, "if a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy of them," &c. Does he mean, that if a farmer can buy a bushel of corn, cheaper than he can raise it, better buy than to raise it? If a mechanic can buy an article in the line of his trade, cheaper than he can make it, better to buy than to make? Or, if it will cost a manufacturer more to make a piece of cloth, than to buy it, better to buy?

If this be his meaning, it leads to a total suspension of all improvements, and an ultimate destruction of all industry.

It will cost a farmer more to clear a piece of land, and raise a crop of corn, than it would to buy the corn; therefore, says Dr. Smith, better buy the corn, than to clear the land and raise it. Had our enterprising countrymen reasoned in this way, our western states would still have been the haunts of "savage beasts, and still more savage men."

But perhaps, he would say that the "vendible commodity," in which the labour expended in clearing the land, "realizes itself," in the improvement of the land, and not in the corn; and therefore, the land is to be charged with the expense of clearing.

The land, however, is cleared for the purpose of raising corn, whether one crop, or one hundred crops, is immaterial, so far as the terms of Dr. Smith's doctrine are concerned. He says nothing about an ultimate benefit, nor can his doctrine be extended to an ultimate benefit, for that would let in the doctrine of prohibitions and restrictions, to the utmost extent that has ever been contended for. If restrictions will not cause an ultimate benefit to the nation, which will counterbalance the immediate inconveniencies, no man ever pretended that they should be imposed. If they do this, they come precisely within the principle which governs the farmer in clearing his land for a crop of corn. If it be wise for an individual to clear a piece of land, and raise a crop of corn, at an expense of five dollars a bushel, when he might have bought it for one, it may be wise for a nation to do the same thing. Corn laws, therefore, may be very expedient.

But the most extraordinary thing is, that corn laws are most beneficial to the labouring classes, while they have usually been opposed, upon the ground that

they were beneficial to the landholder, and prejudicial to the labouring classes; and, indeed, all restrictive laws on foreign industry, are necessarily for the benefit of the labouring classes of a community, rather than for the property holders.

But let us apply this doctrine of buying cheap, to manufactures. Before a man can manufacture a piece of cloth, it may be necessary for him to spend five years in learning the trade. It may be necessary to expend a good deal of money in erecting mills and machinery, and the very first piece of cloth he manufactures, may cost him a thousand dollars a yard.—Better, therefore, says Dr. Smith, to buy than to make it. But the doctrine, it will be said, is not to be limited to the first piece of cloth. Let it be extended then, to one year, and then, perhaps, each yard of cloth will cost a hundred dollars; still, therefore, better to buy than to make. But let it be extended to ten or twenty years, and perhaps each yard of cloth may not cost three dollars; and when this comes to be the case, it may be much cheaper, and therefore, better to make than to buy.

The doctrine, therefore, of not making for yourself, what you can buy cheaper than you can make, in the unqualified manner in which Dr. Smith lays it down, is a most absurd and unprovident doctrine, and leads to utter ruin, even in private life, and much more to national ruin. It is a miserable, short-sighted, beggarly policy, calculated to prevent all improvement in the capacity of either individuals or nations, for acquiring the necessaries and comforts of life.

National wealth, is the effect of national industry. If you would increase the effect, you must add new

force and power to the cause. A most effectual method to do this, is to give to national industry a monopoly of the home market.

To suppose, as many writers do, that a monopoly of the home market, has a tendency to benefit the rich, instead of the poor, is most absurd. A monopoly of the home market, for corn, may raise the price of corn to the consumer, it is true, but the effect is more than counterbalanced to the labourer, by the greater demand it creates for labour. Many writers have made the price of commodities, and the price of labour, matters of great importance in political economy; but their absolute, or rather nominal price, is of no importance whatever;—it is only their relative price that can affect the labourer. If a labourer is obliged to give five dollars a bushel for corn, and can, at the same time, get five dollars a day for his work, it is just as well for him, as though he could buy corn for fifty cents a bushel, provided he can, at the same time, get only fifty cents a day for labour. The money price of labour, is a matter of no consequence in any country, neither is the money price of the necessaries of life. The proportion which the price of labour bears to the price of the necessaries of life, is the only important thing, as it regards wages, and a monopoly of the home market, must invariably have a tendency to vary this proportion in favour of labour.

Another important advantage, arising from a monopoly of the home market, is the certainty and stability of the demand for the product of industry. All fluctuations in the demand for either the necessaries or comforts of life, produce want and distress among

the labourers, who supply the demand. This nation is at present groaning under the distress, caused by a fluctuation in the demand for the product of labour. The national distress in England, arises from the same cause. The consumption does not equal the production, which, as has already been shown, necessarily produces distress. This is always liable to be the case, when the consumption depends on a foreign market. This market is liable to be interrupted by foreign nations. But this is not the case with a domestic market. In this, the demand is always steady, and usually increasing. It is not liable to be interrupted by foreign nations, so long as a nation maintains its independence.

If the whole product of English industry, was clean consumed annually, by the English nation, there would be little or no distress there—there would be no fluctuations in the demand for labour. The product of their industry is abundantly sufficient for the comfortable supply of all the people, and if it was all consumed in the country, there would necessarily, a much more equal division of this product take place. But as a part of the people depend on foreign nations, to consume the product of their labour, they are in a great measure, at the mercy of these nations. They may consume their produce, or not, as pleases them best. In proportion, as foreign nations stop consuming British manufactures, in that proportion must British subjects be deprived of the means of procuring the necessaries of life.

These are not, however, the only advantages arising from a monopoly of the home market. As such a market tends to augment the quantity of national

industry, and of course national wealth, it also tends to make the people more habitually industrious; and habits of industry constitute a portion of national wealth. A man, who is industrious from habit, has a greater capacity for acquiring the necessaries and comforts of life, than one in similar circumstances, with idle habits: so of a nation.

A monopoly of the home market, has the effect of increasing a nation's skill in the arts and sciences, because it affords a motive for improvement in them. Improvement in the arts and sciences, is as effectual a mode of increasing the capacity of a nation, for acquiring the necessaries and comforts of life, as improvement in the cultivation of its land. A skillful mechanic has a greater capacity for acquiring the necessaries and comforts of life, than a man of equal strength, without any mechanic art. A nation, thoroughly skilled in all the arts, possesses a more inexhaustible source of national wealth, than if it possessed mountains of gold; and it would be much better economy for a nation, to impose heavy taxes for the purpose of acquiring such a source of wealth, than for conquering provinces, containing mountains of gold.

That is a miserable short-sighted policy, in private economy, and much more so in public, which looks only to the present, and disregards the future—it is killing the goose to get the golden egg. In private life, we look upon him as a wise man, who subjects himself to present privations and hardships, with a view to an ultimate benefit which shall overbalance the hardships. It is accounted wise, for a man, in his youth, to labour hard, and fare hard, that he may

enjoy the good things of this life, more abundantly in old age. It is accounted wise for a man to go to great expense in clearing his lands, in building houses, mills, making roads and bridges, with a view to a future augmented product of the necessaries and comforts of life. It is accounted wise for a man to spend many years as an apprentice, to learn a trade, which may be a source of wealth in after life. This he does, to increase his capacity for acquiring the necessaries and comforts of life. "What is wise and prudent in the conduct of every private man, can scarce be folly in that of a great kingdom," says Dr. Smith.

It may be, and often is folly in a legislator, not to be longer-sighted in his schemes, than the wisest private individual. The schemes of the latter can only be adapted to the probable duration of his life, which can only be for a few years at most. The schemes of the former, may be adapted to the life of the nation, to which no limit can be fixed. Upon the same principle then, that it is wise for an individual to make calculations, and adopt measures, which look ten or twenty years ahead, it may be wise for a legislator to adopt measures, which look centuries ahead. Although it may be more beneficial for the time being, for a nation to import, than to manufacture its own comforts of life, still that ought not to decide the question. The inquiry should be made, how will it be fifty years hence? Admitting, that for the first five years, domestic manufactures may come at double price, still, if in ten, they will come at single price, and in twenty, at half price, we may be very sure that the present extra cost, is money well laid out for the nation, more especially, when it is considered that the

annual product of labour cannot be accumulated, but must be annually consumed.

Although a high protecting duty may therefore prevent an individual from enjoying so great a portion of the comforts and luxuries of life, as he might otherwise do, or prevent him from accumulating so much private wealth, still national wealth is not thereby in the least degree diminished at any time.

From this it is not to be inferred that in all cases it would be advisable for government to secure to its own citizens the monopoly of the home trade, either by absolute prohibition of foreign importation, or by high protecting duties. All measures upon this subject should be regulated according to the existing circumstances of the nation; and the first thing to be ascertained, is, whether the nation has full employment in its ordinary occupations, or whether the sum of national industry is likely to be augmented by such a measure. A great deal of mischief may be done by an imprudent restriction upon the freedom of trade—it may have the effect to diminish the consumption of the country, which will paralize, instead of invigorating, industry. But when the people of a nation have not full employment, and a measure of this description will have the effect to give employment to a portion of them, it will promote the general prosperity of the country, and augment national wealth, although it may be adverse to individual interests.

A government like ours, I know, cannot be administered upon such liberal and enlightened principles, and there is no hope that any other form of government will be better calculated to promote national

prosperity and wealth. The people always look to their immediate interests, and certain classes will always have an undue influence over the government. Individuals have always a more contracted view of public, than of their own private affairs. A man will calculate his private affairs on a scale of twenty years, with more patience, than he will calculate public affairs, upon a scale of two years. The reason is obvious. He enjoys the full and exclusive benefit of his calculations in the one case. He shares with the whole nation, the benefit of the calculations in the other. This is the reason why private affairs are more wisely conducted than public.

Such ought not, however, to be the case with a legislator. "He who has undertaken the magnificent work of promoting national wealth and making a nation happy, should not be governed by the narrow minded views of private interest. He should not busy his thoughts with acres, but with states—not with a ship, but with navies—not with a warehouse, but with cities"—not with individuals, but with nations. Let him do this, and although he may not be able to carry a true policy to the extent that might be desired, still he will be able to carry it to a much greater extent than it has ever yet been carried.

"The government under which we live is an experiment in politics; and it has been thought a spectacle interesting to the world, to see how a people. *perfectly free,* would manage their affairs. In relation to a government so popular as ours, we may be allowed to ask with an anxiety bordering on fear, where are we to look for that vast amount of political talents and legislative wisdom, of the power of per-

suasion, and the authority of character, which will be necessary to its energetic and beneficial administration?"

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## CHAPTER IX.

### *National Debt.*

PERHAPS no subject relating to political economy is involved in greater obscurity, as it respects its influence on national wealth, than that of a national debt.

As the United States, happily, are not, nor ever likely to be, oppressed with a public debt, of any inconvenient magnitude, it may perhaps be thought, unnecessary for an American politician to trouble himself with an investigation of its nature and influence on public wealth. The different branches of political economy, however, reflect light on each other. A thorough knowledge of the nature and influence of a public debt will enable us to understand other branches more clearly.

The United States have no colonies, but it is not for that reason unnecessary for an American statesman to have a thorough knowledge of the advantages of a colonial monopoly. So an American statesman should have a thorough knowledge of a national debt, although he may never have one of any considerable magnitude to manage. He will find

other subjects greatly illuminated by his knowledge upon this.

Although the whole science of political economy is involved in great obscurity, yet some branches are covered with a more impenetrable veil than others. As no subject relating to political economy is more imperfectly understood than that of a public debt, so there is none upon which there is a greater diversity of opinion, as to its influence on national wealth.

That public opinion should be divided upon this subject, is not to be wondered at, for it cannot be expected, that the great body of the people, should be acquainted with the science of political economy, any more than with the sciences of medicine and law. They may know something of the general principles of these, for there is not an old woman in the country, that does not know something of the healing art, nor a peasant, that does not know something of law, although unacquainted with those principles, and definitions, which constitute them sciences. They know not the meaning of their technical terms, or terms of art, and a knowledge of the science of political economy is no more instinctive, or innate, than a knowledge of the science of medicine or law.

Public affairs, it is true, may be administered with tolerable ability and success, without a scientific knowledge of political economy, although there can be no certainty, what effect particular measures may have upon public wealth, without this scientific knowledge.

Before the days of Harvey the circulation of the blood was not known, although there were many

skilful and successful physicians before his day. There were no doubt many mistakes made, in consequence of ignorance of the fact of circulation, for which the physician was not censurable; but at the present day a physician who should make a mistake from ignorance of this fact, would be inexcusable; indeed he would be unworthy the name of a physician. So a legislator may conduct public affairs with skill generally, while ignorant of some undiscovered or unknown principle in the science of political economy, although liable to make mistakes, for which he is not censurable; but when these principles are known and settled, he will be alike inexcusable, for making any such political blunders.

There can be no doubt, but that politicians are as liable to make mistakes in consequence of ignorance of the true economy of the body politic, as physicians are in consequence of ignorance of the true economy of the natural body, and it must also be admitted, that the mistakes of the legislator, are vastly more deplorable in their effects upon human happiness, than the mistakes of the physician can possibly be. The mistakes of the legislator may affect for ages, the happiness, and even prevent the existence of millions of human beings. The mistakes of the physician touch the life and happiness of only a few individuals at most.

What causes the difference between the numbers and happiness of the people in different countries but the willful or ignorant mistakes of politicians? Man is the same in all countries and climates, and liable to be operated upon by the same causes. The bounties of heaven are distributed with an equal hand through-

out all the habitable parts of the globe. The difference, therefore, between the sum of human happiness enjoyed in different countries, must be caused, mainly by the ignorant or wilful mistakes of the rulers of mankind. This ignorance is dispelled by a knowledge of the science of political economy, and so far as human happiness is concerned, it is vastly more important than any, or even all other sciences.

How then does it happen, that while such proficiency has been made in other sciences, the foundations of this are scarcely yet laid—that while the science of medicine has its established principles, definitions, technical phrases and terms of art, which always convey the same ideas to its professors, there is not to be found in the whole science of political economy, a single uncontroverted principle, or an acknowledged definition.—That philosophers are not yet agreed in their definitions of national wealth, nor in its sources or causes?

That so much less progress has been made in political economy, than in other sciences, arises in part from the different nature of the sciences, and in part from the careless manner, in which political economy has been treated, by using words without affixing to them a precise technical meaning.

The science of medicine, including anatomy and physiology, is a physical science. Political economy is a moral science. The one is a science of sense, the other a science of reason. A moral science is not susceptible of such minute accurate investigation, as a physical science. In the one case we see and feel the subject about which we reason.—In the other

the subject is not tangible, it can only be grasped by the mind.

Metaphysics and moral philosophy are moral sciences, and have been subjected to the laws of science, and political economy may be subjected to the same laws. But in order to do this, writers must use no ambiguous words.—They must use words relating to different branches of the science in their precise technical meaning, which must be understood, and always kept in mind.

This rule has never yet been observed by any writer on political economy; which frequently proceeds from carelessness in the *use* of words, rather than *ignorance* of their meaning. Adam Smith no doubt knew the precise meaning of the word *nation*, but in reading his "Wealth of Nations," one would be led to suppose that by the word nation, he meant some constituent part of the nation, as its merchants or farmers. A great deal of obscurity has also been caused by his ambiguous use of the word capital.

It can hardly be supposed that any writer on political economy should not know the precise meaning of the word *debt*, and the difference between a debt of an individual and a debt of a nation, when the creditors are citizens or constituent parts of that nation; and yet in treating of a national debt, almost every writer is in the constant habit of not discriminating between these different meanings of the word, and of using it in its wrong sense, when speaking of a national debt. The words *merchant* and *nation* are not more distinct than these different meanings of the word debt.

It is true a nation may be in debt, in that sense of the word in which one merchant is in debt to another, but this is always when one nation is in debt to another nation, and not to its own citizens, or to itself.

If a man was to fancy, that one of his pockets owed the other a thousand dollars, and thence conclude that he was in debt a thousand dollars, it would not be more absurd than to conclude, that because a nation owed its own citizens, therefore, it was in debt, in the ordinary acceptation of the term. Or, it may with just as much propriety be said, that because A. is in debt to B. a thousand dollars, therefore, the nation is in debt a thousand dollars, as to say that because a nation owes its citizens a hundred million, therefore, it is in debt a hundred million, in the ordinary acceptation of the word debt.

As the word *debt*, therefore, has two meanings, the distinction should be made, and writers on political economy, should never use it in an ambiguous sense. It has a technical and popular meaning, which are as different, as *man* and *nation*.

It is unfortunate for the science of political economy, that the word *debt*, was ever used to express the idea of a nation, owing to its citizens a sum of money. Men are so prone to attach to words their ordinary meaning, that they are constantly embarrassed and perplexed by the ambiguity of the word. Hence the advantage to science of never adopting a popular word as a technical term—hence the advantage of taking terms of art from the dead languages. It prevents ambiguity and uncertainty. People who do not understand the terms do not use them. They never

have, therefore, a popular and a technical meaning, and when used are never ambiguous.

Having ascertained the nature of public wealth, its sources and causes; and the technical phrase, *national debt*, being explained, we shall be prepared to investigate the nature of a national debt, and its influence on national wealth.

This is purely a scientific question, and one of the most intricate and abstruse, in the whole science of political economy.

A nation may be in debt, in the popular sense of the word, as where one nation owes another nation money. This is not, however, in modern times the case, to any great extent, and not what is meant when we speak of a national debt. By a national debt is meant the amount of money which a nation owes to itself, or what is the same thing, to its own citizens. The influence of such a debt on national wealth, is the object of the present inquiry.

That a national debt, of very great magnitude, like that of England, has an inauspicious influence on national wealth, there can be no doubt. I say a debt of very great magnitude, because a national debt, does not necessarily diminish public wealth. It is only when it becomes unwieldy from its magnitude that it becomes oppressive to the nation. The aggregate of national property, or of national wealth, is just as great with a national debt, whatever be its magnitude, as it would be without it. The capacity of a nation for acquiring the necessaries and comforts of life, may be just as great, with a debt, as large as that of England, as it would be with no debt at all—national industry may be just as great—its lands

may be just as productive—its manufactures and commerce just as lucrative, and in short, the annual product of labour just as great.

A national debt does not affect either the climate or soil of a country, nor the physical energies of man in cultivating it. It can have no effect whatever to diminish the quantity of circulating medium of a country, for it sends no money out of it. It rather has a tendency to make money plenty than scarce, as it promotes circulation. If it lessens the quantity of money in one man's pocket, it increases the quantity to an equal amount in the pocket of another, and so far as national wealth is concerned, it matters not whether the money is in the pocket of A. or in the pocket of B.

The proportion that is in the pocket of each, may be a matter of some consequence to the nation, and if a national debt has a tendency to cause an unequal distribution of the money, or an unequal division of property, it will, for that reason, have an unfavourable influence on public wealth; but it is a matter of total indifference to the nation, whether A. is rich, and B. poor, or B. rich, and A. poor, provided the proportion be the same in both cases. What difference can it make to a nation, whether the spinning jenny is worked by X. or by Z.; or whether D. rides in his coach, and E. ploughs, or E. rides, and D. ploughs?

All these circumstances may be important to the individuals concerned, and in the estimation of those who suppose that a privileged few, constitute the nation, they will, of course, be considered important to the nation; but with those who consider a nation a

UNITY, composed of every individual in it; these things will be considered wholly unimportant, so far as national wealth is concerned.

As a national debt, therefore, has no necessary influence upon either the *source*, or the *cause* of wealth, it can have no necessary influence on the sum of wealth.

Does a national debt necessarily increase the amount of taxes, and if so, to what extent?

In order to determine this question, we must first understand what is meant by a tax. The word *tax*, has also a popular and a technical meaning. It is popularly applied to a great variety of subjects, and of course, has a great variety of meanings. There are turnpike road taxes, wharf taxes, bridge taxes, city taxes, county taxes, poor rate taxes, and a thousand other dues, which are popularly called taxes.

The word *tax*, when thus applied, has a very different meaning from what it has when used in its technical sense. It then means *a sum of money, paid for the support of government.* Money paid for any other purpose, is not a tax, and should never be called a tax, by a writer on political economy, without an explanation of what is meant. It may, with as much propriety, be said, that rent, or interest on money loaned, is a tax, as that money paid to government, for any other purpose than the support of the government, is a tax.

Does the circumstance that the money is paid to the government, make it a tax, independent of the object for which it was paid? If so, then if a nation owned lands, and leased them to its citizens, the rent would be a tax; or if it had money, and loaned it, the interest

paid for it, would be a tax; nay, if this circumstance alone made it a tax, then the money paid by individuals for our western lands, is a tax, and a much heavier one on those who pay, than is levied on the people of England.

There is, however, high authority against this meaning of the word tax; the authority of the constitution of the United States, than which no higher can be produced. The constitution requires all taxes, (under the names of duties, imposts, and excises,) to be equal; and all direct taxes, to be in proportion to state representation; but if the mere circumstance of paying money to the government, constituted it a tax, as the interest of money, the rent of land, or the price of land, taxes never could be equal.

To constitute a tax, in its technical meaning, the money must be paid for the support of government; and, as a lawyer would say, the *consideration* for which the money is paid, must be the protection and security afforded by the government to those who pay. This definition of a tax, excludes all money paid as interest on a national debt, and therefore, this interest does not increase the amount of taxes.

But it will, perhaps, be said, that it makes no difference by what name it is called. The people have the money to pay, and whether it be called a tax, or interest, or any thing else, is all the same. Its name makes it not the lighter, or less oppressive.

That the name does not alter the thing, may be admitted, but it must also be admitted, that giving a name to an imagination, does not make it a reality.

Is it then a fact, that the people have, in consequence of a public debt, any more money to pay, than they would if there was no public debt?

However strange it may appear to those who do not understand, or cannot comprehend the distinction between a nation, and the individuals of whom it is composed; yet it is not more strange than true, that the people have none the more money to pay, in consequence of a national debt.

I do not, by this, mean to say, that the money would circulate through precisely the same channels, with a heavy national debt, that it would do without it. But if some of the people pay more, others pay less. A storm of wind may cause the waters of the ocean to circulate through different channels, and to occupy a different relative position from what they would have done, but for the storm; although the storm neither augments the whole quantity of water, nor the quantity that one part of the ocean exchanges with the other parts.

It will, I suppose, be admitted, that if a man has a hundred dollars a year to pay, whether as rent or interest, it will make no difference in the amount, whether he pays it to A. or to B.; or whether he pays a half to A. and a half to B. It will still be a hundred dollars, nor will the amount be altered if he pays it to A. through the hands of B. unless B. charges him a commission, or brokerage, for his agency. If this is admitted, then the very question in dispute is admitted, for it is manifest, that in the case of a national debt, of whatever amount, the government only acts as agent, or broker, between the debtors and creditors; and the whole real burden of the national debt, is the charge of the government for its agency or brokerage; or, in other words, the expense of the government, in collecting and paying over the money. It is

true, the government acts with more authority than an ordinary agent or broker, but this is in pursuance of the contract of the parties. If the expense of collecting and paying over fifty millions, be only one million, then one million is the whole annual burden on the people.

But how can a nation pay a debt of fifty millions a year, and yet be burdened with only one million?—The whole difficulty of this question, is produced by attaching the popular, instead of the technical meaning to the word debt. A nation might find it impossible to pay a debt of even ten millions a year to another nation, while it would find very little difficulty in paying fifty millions to itself. If the nation is a debtor, it is likewise a creditor. The whole difficulty and embarrassment of the case, arises from looking only to one side of the question, or rather, by being led astray by the ambiguity of words. People look only to the debtor side of the account. They never reflect that a national debt must necessarily be balanced by a credit of equal amount; and so long as the debit and credit sides of the account balance, what difference does it make, how large the account is?—An individual might very easily pay fifty millions a year, provided he had fifty millions paid to him, although he might not be able to pay one million a year brokerage on that sum; but a nation may, very easily, by a little more industry and exertion, pay an additional million on the sum it receives, as a brokerage or commission.

It is a matter of great wonderment to many, and many who think themselves proficients in the science of political economy too, how it is possible for the

people of England to pay fifty millions a year, and support themselves by their industry; but these wiseacres never reflect, that if the people of England have fifty millions to pay, they have also fifty millions to receive, and that the only real or necessary burden of the national debt, is the expense of collecting it, and paying it over. In other words, this is the extent to which it augments the taxes.

There are other evil consequences produced by a national debt, which will be considered hereafter.—My present object is merely to show, that paying interest on the public debt, is not paying taxes, any more than paying rent for land, or interest for money to an individual: and also, that the property holders have, in reality, nothing more to pay than they would have, if there had never been a public debt.

Nominally, all the people in England, are debtors to the government, but really, those only are debtors who have more to pay than to receive. Almost all the people, no doubt, who possess property, own more or less of the public stock. It depends on the proportion between their stock and other property, whether they are, in reality, debtors to the government. If the proportion of stock is too small, they are debtors to the government—if too large, they are creditors. Some pay more interest on the stock than they receive—others receive more than they pay, but the sum total of the receipts, is exactly equal to the sum total of the payments by the people.

If a man owns a hundred acres of land, and pays ten pounds taxes, that is, interest on the public debt; and owns stock, which draws him ten pounds interest, his accounts with the government balance, and he, in

reality pays no interest on the public debt. If a man rents a farm, and pays the taxes, popularly so called, he of course rents it so much the cheaper for the taxes. If he buys one it costs him so much the less.—If he inherits it, he has in quantity what will make up the deficiency in value.

Suppose a farm without the charge of the national debt would rent for two hundred pounds, but with that charge, only rents for a hundred and fifty pounds, what difference does it make to the tenant, whether he pays a hundred and fifty pounds to his landlord, and fifty to the government, or the whole two hundred to the landlord? And what difference does it make to the landlord, whether in consequence of the national debt, he has two hundred acres of land which will rent for only a hundred and fifty pounds, or without the national debt, to have a hundred and fifty acres of land which would rent for the same money. The same observations apply to every other species of taxable property.

But I may, perhaps, be asked, what reason I have for supposing, that in consequence of the public debt, the property-holders in England have a greater quantity of property, than they would have had, without a national debt.

I suppose so, because I take it for granted, that the population of England, would have been just as great, without, as with, the public debt. My opponents, I presume, will hardly contend that it would have been less, for if the population is greater with, than it would have been without the national debt, its utility to the nation, is established beyond all controversy. I also take it for granted, that the aggregate

property of the nation would have been as great without, as it is with the public debt. It could not have been greater, unless the quantity of industry would have been greater, without, than it has been with, the national debt. Whether this be the case or not, will be inquired into hereafter. I also take it for granted, that if the public creditors had not vested their funds in the national debt, they would have vested them in the real and personal property of the country—they would have shared the land and other property in the kingdom, with the present proprietors, whose shares would of course have been lessened.

If then in consequence of the national debt, the public debtors, or in other words, the property-holders of the country have more to pay, than they would have had, had the debt never existed, they have also more means to pay with—they have more land, more goods, more ships, and more money. An individual property-holder, may have more money to pay, in consequence of the public debt, but the whole number of property-holders, have not. If an individual has more to pay, he has also more to pay with, so, that it is as broad as it is long. There is just the same quantity of money to be paid, and the same quantity to be received. The tenant, has the less to pay to his landlord, by as much as he pays to the government, and so of every other hirer or purchaser of property, personal as well as real. The channels of circulation may be changed, although the quantity circulated is not altered.

In short, the public debtors and public creditors stand in relation to each other, upon precisely the same ground, that private debtors and creditors stand. The

circumstance of interposing the government as a broker or agent, between the parties, does not alter the real nature of the case, and there would be just as much propriety in supposing, that a nation must necessarily sink, under the private debts of the people, as under a public debt.

If all the money, that private creditors receive from their debtors in a year, was collected into one mass, it would make an enormous heap. It might, perhaps, be as great as the annual sum paid by the English nation, on their public debt,-but it must be recollected, that a single dollar in the course of a year may, perhaps, pay a hundred or a thousand debts, equal to its value. The act of paying does not diminish its capacity for paying, and if it was possible to circulate it so rapidly, it might pay a debt equal to its value, every minute the year round.

The only difference between a debt which an individual owes the government, and one which he owes his neighbour, is, that in the one case, he has to pay the government the expense of collecting it, while in the other, there is probably no expense attending the collection, or if there is, the creditor pays it. A national debt does not affect the quantity of money in a nation, nor has the nation any more, or less money to pay in consequence of it.

A national debt does not necessarily diminish the quantity of national industry. The people of England have just as much physical power, or if they have not, they might have, with their enormous debt, as without it. They may be just as skilful in the arts, and just as industrious in their habits; and, if we were to reason from analogy, we should be led to

suppose, that a national debt, had a tendency to promote, rather than discourage national industry. Such would seem to be the inference from the history of the English debt.

If a national debt was that mill-stone about a nation's neck, which it is popularly supposed to be, England would long since have been sunk in the bottom of the political ocean. But although her debt has increased to an amount which the imagination can scarcely conceive—to an amount vastly greater than all the gold and silver in the world; still it has not produced the least visible effect upon her wealth or power. Upon her prosperity it may have, for perhaps it will appear, that it is one great cause of the pauperism in that country.

The only way of ascertaining whether the sum of national industry, has been diminished, by the national debt, is by comparing England with those nations that have not been encumbered by such an enormous debt. The result of such an inquiry would serve to make in favour of, instead of against a national debt. There is certainly no nation in Europe, if in the world, whose national industry is as great as that of England. The annual product of her labour, in proportion to the number of her people, is greater than that of any other people on earth, if we except China, and perhaps even greater than hers. That the people of England do not enjoy the necessaries and comforts of life, in as great abundance, as any other people on earth, is not because they are not produced, by their labour, in as great abundance, but because, in consequence of some defect in their

system, they are not as equally distributed as they should be.

That defect consists in those unequal laws which have caused the great inequality in the division of property which exists in that country.

The superior industry of the English over other nations, may, no doubt, be accounted for from other causes, than their national debt, although there is no doubt, but that a national debt, to a certain extent, may be useful in promoting national wealth. Should the United States create a debt annually of a million of dollars, and expend it in building bridges, canals, and roads, it would, no doubt, be the means of promoting public wealth; and any expenditure whatever by a government which augments the quantity of national industry, will also augment national wealth.

It is a popular notion, that one generation can load another generation with debt, and that a man may consume the fruits of the earth in anticipation. But this is a mistaken notion. The present generation of men inherit the earth as free of incumbrance, as any preceding generation; and as one generation cannot accumulate the fruits of the earth for posterity, neither can it load a succeeding generation with debt. This is manifestly true in regard to the whole world, and it is also true in regard to nations, except where one nation becomes indebted to another nation, and binds posterity to discharge that debt. This however never was and never will be the case, to any considerable extent.

It may, therefore, be laid down as a general rule, in regard to nations, that one generation can neither accumulate wealth for a succeeding generation, nor

load it with debt. It may, however, make such a division of property, and leave its affairs in such a state of entanglement and perplexity, as to cause great national distress. An individual may accumulate property to such an amount, as to leave his posterity rich, but a nation can do no such thing. The annual product of labour must be consumed—there is no saving it for posterity. Every generation must labour for its own subsistence, but it cannot be compelled by any political manœuvre whatever, to supply a preceeding generation with either the necessaries or comforts of life.

The idea of accumulating public wealth by parsimony, and of spending it by *consumption*, arose from confounding national with individual wealth. An individual may accumulate such an amount of property as others will supply him and his posterity with the necessaries and comforts of life for the use of that property, but it is manifest a nation can do no such thing. All a nation can do, is to augment its capacity for acquiring the necessaries and comforts of life by labour. It may improve the cultivation of its lands, and acquire skill in the various arts; this is all that can be done for posterity.

It is manifest, that Adam Smith did not understand the nature of a national debt, any more than he did the nature of national wealth. He says, "the public funds of the different indebted nations of Europe, particularly those of England, have, by one author, been represented as the accumulation of a great capital, superadded to the other capital of the country, by means of which its trade is extended, its manufactures multiplied, and its lands cultivated and

improved, beyond what they could have been by means of that other capital only. He does not consider that the capital which the first creditors of the public advanced to the government, was, from the moment in which they advanced it, a certain portion of the annual produce turned away from serving in the function of capital, to serve in that of a revenue; from maintaining productive labourers to maintain unproductive ones, and to be spent and wasted generally, in the course of the year, without even the hope of any future re-production. In return for the capital they advanced, they obtained indeed, an annuity in the public funds, in most cases of more than an equal value. This annuity, no doubt, replaced to them their capital, and enabled them to carry on their trade and business, to the same, or perhaps to a greater extent than before; that is, they were enabled either to borrow of other people a capital upon the credit of this annuity, or by selling it, to get a new capital of their own, equal or superior to that which they had advanced to government. This new capital, however, which they in this manner either bought or borrowed of other people, must have existed in the country before, and must have been employed as all capitals are, in maintaining productive labour. When it came into the hands of those who had advanced their capital to government, though it was in some respect a new capital to them, it was not so to the country; but was only a capital withdrawn from certain employments, in order to be turned towards others. Though it replaced to them what they had advanced to government, it did not replace it to the country. Had they not advanced this capital to go-

vernment, there would have been in the country two capitals, two portions of the annual produce, instead of one, employed in maintaining productive labour.

"When the public expense is defrayed by funding, it is defrayed by the annual destruction of some capital which had before existed in the country; by the perversion of some portion of the annual produce which had before been destined for the maintainance of productive labour, towards that of unproductive labour."*

Here then, is one writer who maintains that a funded public debt, "superadds a great capital to the other capital of the country, by means of which public wealth is greatly promoted," which doctrine Dr. Smith controverts, and maintains, that if the public creditors "had not advanced their capital to government, there would have been two capitals in the country, instead of one, employed in maintaining productive labour."

Both these doctrines are manifestly erroneous. A national debt, neither "destroys any portion of the capital which before existed in the country," nor does the funding the debt, "add any thing to the capital of the country." The error of the one doctrine consists in supposing that national wealth consists in accumulating money or capital, and in not discriminating between the popular and technical meaning of the word debt.

Had Dr. Smith entertained clear conceptions of the nature of a public debt, he never would have supposed that a capital was destroyed, wasted, or lost by being loaned to the government, any more than when

* Wealth of Nations, book v. chap. 3.

loaned to an individual. He seems to think there is some magic influence in capital to produce national wealth, and that it may be heaped up to any extent; and that loaning it to government, prevents its being heaped up. But what he means by "a certain portion of the annual produce being turned away from serving in the function of capital, to serve in that of revenue," is what I cannot understand. The capital that a public creditor advances to the government, is nothing but money, which passes into the treasury; and all that passes in, passes out again. It is as much capital, and as much belongs to the nation, after it comes out of the treasury, as before it went in. But it is still more incomprehensible how, if this money had not been advanced to the government, "there would have been in the country two capitals."

The idea that funding a public debt superadds any thing to the capital of the country, is too palpably absurd to need refutation.

Dr. Smith further says, "it is not contrary to justice, that both Ireland and America should contribute towards the discharge of the public debt of Great Britain."

Had he understood the nature of a national debt, he never would have made such an assertion. Nothing could be more unjust. Such a law would be precisely analogous to one which should compel A. to pay a part of B's debt. To show the injustice of such a measure, let us suppose a landholder in England has five hundred acres of land upon which he pays ninety pounds a year of the interest on the public debt. This is the ratio throughout the kingdom. This landholder we will also suppose owns public

stock upon which he receives annually ninety pounds interest. Suppose then a tax levied on the colonies to an amount sufficient to pay one-third of the interest on the public debt. What effect has that on the English landholder? It puts thirty pounds a year into his pockets, and the measure would be in principle precisely equivalent to one, which should require A. in Ireland to pay thirty pounds of B's debt in England. It would increase B's fortune that amount. The case would be different, if the debt was due to a foreign nation. In that case the whole nation is in debt, and each individual should bear his just proportion, but in the other case, it is in reality a debt from one portion of citizens to another portion, and to require third persons to pay a part of the debt, is as unjust as it would be to say, they should receive a part of the dividends.

What then are the evils of a national debt?

They are of an entirely different character from what is generally supposed. When a national debt becomes very large, like that of England, the mere transfer of so much money, annually, from one class of citizens to another, causes not only a great deal of trouble and inconvenience to the people, but a great deal of actual distress and suffering. It may cause a man much trouble to pay a large sum of money every day in the year, although he may receive an equally large sum, more especially when the payments must always precede the receipts. This is precisely the case with the nation, in regard to the national debt. Although it receives as much as it pays, yet the payments precede the receipts. In short, the money of the country circulates through an unnatural channel,

and it requires a forcing pump, to keep it in motion. All the money in the country is obliged to pass through the treasury three or four times a year, in order to be distributed according to the artificial order of things, which the national debt has caused.

The national debt, or more properly the national *stock*, is an unnatural, artificial species of property, which requires an unnatural, artificial distribution of the necessaries and comforts of life, to effect which a troublesome, vexatious, and expensive machinery is necessary. This machinery consists of a host of collectors, excisemen, and the whole apparatus of the treasury department. These harrass, irritate, and oppress the people, and keep them in a constant state of excitement and disaffection towards the government. The real nature of a public debt is never rightly understood by the people.—It becomes therefore a powerful instrument in the hands of demagogues who make it a hobby of popularity, and a theme of abuse. In short, a national debt of such an enormous magnitude as that of England, is a fruitful source of oppression, in the hands of government, in the collection of it—a subject of eternal controversy among politicians, and of heart-burnings and disaffection among the people. It is also an engine of immense power, in the hands of the government, and we all know that power may be abused. These are serious evils, and constitute unanswerable objections to a large national debt. They are not, however, the only, nor indeed the principal evils of such a debt.

A public debt has a tendency to cause a much more unequal division of property, than would otherwise take place. It creates a new species of property.

what lawyers would call an *incorporeal hereditament;* which the possessor cannot so readily spend, or waste, or transfer, as he could do tangible property. A national debt, is a sort of *Savings' Bank*, for the rich, and greatly facilitates the accumulation of individual property, and places it out of the reach of the poor. Hence, where a national debt is very large, the line of demarcation between the rich and the poor is more distinct. The rich are very rich—the poor are very poor, and their number greatly augmented by the debt.

This effect has, by many, been attributed to the low price of labour, and the high price of provisions, and they have proposed to remedy the evil, by raising the wages of labour, or by lowering the price of food. This is attributing effects to secondary causes; such politicians reason like the Indian, who supposed that the earth was supported by a great turtle, but could not tell what supported the turtle.

It must be recollected, that neither the absolute, or, perhaps, more properly, the nominal price of labour, or provisions, is a matter of the smallest importance. It is their relative price only, that affects the condition of the poor. It matters not, whether meat is a cent a pound, or a dollar a pound, provided the proportion is preserved between the price of meat and labour. A national debt, as such, has no effect whatever, in varying the relative price of labour and food. So far as it has a tendency to cause an unequal division of property, it tends indirectly to vary the relative price of labour and food. As great an equality in the division of property, produced by any other means, would have precisely the same effect. An unequal di-

vision of property, necessarily increases the number of poor; it also necessarily causes an unequal division of the necessaries and comforts of life, which are the product of labour. It enables one man to riot in luxury, and to consume the product of the labour of five hundred men, who are condemned to endless, hopeless toil, to gratify his appetite.

But this is not the worst of the evil. It depends on the good pleasure of the rich, whether they will employ the poor, and consume the product of their labour, and give them for it the necessaries of life. Unless the rich do this, the poor must necessarily become paupers.

The national debt of England, has had more effect than the celebrated statutes of Elizabeth, in causing the pauperism of that country. That, together with other unequal laws, which tend to an unequal division of property, have caused all the "sturdy beggars" in the kingdom. They have furnished the materials of pauperism. Those statutes have merely fashioned those materials into the present edifice of pauperism. But for those statutes, pauperism would have assumed a different shape, but whether one more convenient, or more consistent with justice and humanity, is very doubtful.

The treasury of England, may be considered the strong box of the monied men of the nation, where they are permitted, not only to deposit their savings for safe keeping, but also for investment. The government is the broker, who takes charge of the fund, and so invests it, that it shall produce a profit to the owner. The poor man has no such strong box—his weekly earnings will not be received into this great

reservoir—they are of too small account; or, in other words, he cannot invest his small earnings in public stock—the shares are too large to be purchased by him. This increases the disparity between the rich and the poor, already too great. It puts an engine into the hands of the rich, for augmenting their power, of which the poor cannot avail themselves.

This characteristic, however, is not peculiar to funded stock, or a national debt—it is the characteristic of every species of stock, private, as well as public. Stocks enable those who have money, always to invest it without trouble or risk, in such a manner, as that it shall produce more, which is a strong inducement not to spend, but to accumulate. If this facility was extended to every grade of society, and would operate with equal force upon all, upon the man who has a dollar, as well as upon him who has a thousand, stock property would not operate so exclusively to the benefit of the rich. The natural equality of men would not be destroyed to so great a degree.

A man who has invested a thousand dollars in stock, which yields six per cent. interest, has acquired a power, in addition to his natural power, of compelling somebody to labour for him, to the amount of sixty dollars a year. In other words, he has acquired an artificial power of compelling somebody in the world to labour for him, until they produce a quantity of the necessaries and comforts of life, equal in value to sixty dollars; for sixty dollars is nothing but the measure or value of a certain quantity of the necessaries and comforts of life. If the sixty dollars would procure none of these, it would be as valueless as so

much sand. But none of the necessaries and comforts of life can be produced without labour, notwithstanding the all-powerful agency which Adam Smith and lord Lauderdale attribute to capital.

When, therefore, a man has acquired the power of procuring, without his own labour, a quantity of the necessaries and comforts of life, equal to sixty dollars, he has acquired a power of compelling, directly or indirectly, somebody to labour for him a sufficient time, to produce that quantity. Even the possession of a thousand dollars, then, confers a great power. It may be compared to the lever in the hands of a savage. What then must be the power of this lever, when augmented a hundred or a thousand fold?—Without the facility afforded by stocks of different kinds, there would not be the same facility for increasing this artificial power, as with them.

The objection to these institutions, however, is not so much, that they facilitate this increase of power, as that they afford this facility to the rich, and not to the poor, in equal proportions—that they operate as an exclusive privilege.

The operation of bank stock, and a funded national debt, that is, national stock, is precisely the same, with the exception of the different modes in which the interest is collected; the different agents by whom the different funds are managed, and the permanency of the interest. It is precisely the same thing to the debtor, whether he pays sixty dollars a year interest on bank stock, or on public stock. In the one case, he pays the interest on a thousand dollars to the holder of bank stock, through the agency of the bank officers. In the other case, he pays the interest on a thousand

dollars to the holder of the public stock, through the agency of the government officers. There may be this further difference:—in the case of public stock, the debtor pays the expense of collection—in the case of bank stock, the stockholder pays this expense.—The law enforces the payment in both instances, though by different processes. In the one case, if the debtor does not pay the money when demanded, his goods will be seized, and sold by a summary proceeding. In the other, a suit must be brought, the expense of which the debtor must pay.

But we are told, there is all the difference in the world in the two cases; for, in the one, the debtor receives a loan of a thousand dollars, but in the other, he receives nothing. If this be so, it does make a vast difference. But is it so? Does a man, who has no property, either real or personal, pay, or is he obliged to pay any part of the interest on the public stock? Was it ever heard of, that a man, who had no property, was required to pay the interest on any part of the public stock?

It will, perhaps, be said, that a man who has no property, pays interest on the public debt, by consuming taxable articles, the price of which has been raised, in consequence of the taxes.* But it has already been shown, that the relative, and not the absolute price of the necessaries of life, is the only important thing to the labourer. If then the interest on the public debt, raises the price of the necessaries of life to the labourer, and also raises the price of labour in the same proportion; he, in reality, pays no interest

* The word tax, is here used in its popular sense.

on the public debt, although nominally, he may. If the interest on the public debt, does not raise the price of labour, in the proporiotn that it raises the price of the necessaries of life, it is because of the unequal division of property, and not because of the debt, as such. If property was not more unequally divided, in consequence of the public debt, the condition of the labourer would be none the worse, in consequence of it. It does not, therefore, follow, that a man who has no property, pays any of the interest on the public debt, merely because the necessaries of life bear a higher price in consequence of it. Before such a conclusion can be drawn, it must be shown, that the relative price between labour and the necessaries of life is varied.

It follows, then, that property holders are the only persons who pay the interest on the public debt, and it is to be shown, that for the interest the public debtor pays to the public creditors, he receives from them a part of his property, in proportion to the amount of interest he pays, as much as the debtor to a bank, has received the amount of his debt from the stockholders of the bank.

The public debtor says, and often thinks he receives no part of his land or goods, upon which he pays interest on the public debt, from the public creditors. Here lies the mistake—here is the source of error on this subject. The truth is, the public creditor is a tenant in common, by a legal and equitable title, with the public debtor, in all his property, taxed for the payment of the interest on the public debt. Public creditors, tenants in common, by a legal and equitable title, with the public debtors, in all their property, taxed for

the payment of the interest on the public debt! Why, such a thing was never heard of! Admit that it was not, but let us see if it be not so, nevertheless.

Suppose the public creditors had not loaned their money to government; what would they have done with it? What use would they have put it to? It cannot be presumed they would either have thrown it away, or hoarded it. They must then have vested it in lands, manufactories, ships, goods, or they must have loaned it to others who would have employed it in some of these ways. Suppose the money invested in land, what would have been the effect upon the present land-holders? It must necessarily have raised the price of land, so that a landholder who now has five hundred acres, would have had only four hundred, or such a proportion as the national debt bears to the whole property in the kingdom. And although in that case he would have had no interest to pay on the stock of the public creditors, yet he would have had a hundred acres less land, which it is to be presumed, is equal to the interest he pays on the public debt. The same would have been the case with the merchant and manufacturer; so, that but for the public debt, their property would have borne a higher price, and therefore they could not have purchased and held so much. In other words, the public creditors must have had their share of all the property both real and personal in the kingdom. They are therefore in reality, though not technically, tenants in common by a legal and equitable title, with the public debtors in all the property on which they pay taxes; and the debtors do nothing more or less, than purchase out their interest, by an annuity, equal to

the amount of interest, paid by the debtor, and to the amount of stock held by the creditor. The government is the broker that transacts the business, in the first place of investing the money, often, it is true, in mad schemes of ambition, or idle ones of extravagance; and afterwards of collecting and paying over this interest, with a view to the interests of both parties.

In reality then, the man who pays a portion of the interest on the public debt, receives a consideration for it, as much, and as ample as the man who pays interest to the holder of bank stock. The one receives a loan *eo nomine* in money, the other an equivalent in property, according to the nature of the property upon which he pays taxes. The one can get rid of paying interest to the bank stockholder by returning the loan to the bank.—The other by returning the property loaned.

Suppose a man owns five hundred acres of land upon which he pays sixty dollars a year towards the interest on the public debt. He wishes to get rid of paying this sixty dollars interest. How is it to be done? Let him sell the amount of the public creditors' interest in it, which is one thousand dollars.—Let him take this thousand dollars to a public creditor, and purchase a thousand dollars worth of stock with it. He will then be a public creditor to that amount, and if he has sixty dollars a year interest to pay, he will also have sixty dollars to receive, so that his interest account will balance. His debt, it is true, cannot be extinguished nominally, although it may be in reality.

The analogy, therefore, between national stock and bank stock holds substantially throughout, except as to the agents by whom the two are managed, and the processes of collecting the interest; and all the evils that flow from one, may flow from the other, and except the evils arising from the different modes of collection, the evils of the one, in proportion to the magnitude of the different stocks, are probably as great in the case of bank stock, as in the case of public stock.

Bank stock has, however, an advantage to the nation over national stock, in its flexibility of interest. The interest on public stock is permanent, and cannot fluctuate with the times. Bank stock is flexible and accommodates its dividends, or interest, to the changes of the times. Hitherto, however, this has been an advantage rather in name, than in reality, for bank stock has always, (with, perhaps, a very few exceptions,) yielded a higher interest than national stock.

Bank stocks are attended with many of the evils of a national stock; and if we are to judge from experience, we should be led to conclude, that they were as liable to abuse in their management. The people of this country have suffered vastly more from the mal-administration of bank stocks, in proportion to their magnitude, than the people of England have, from the mal-administration of the national stock of that country. Banks are not, however, to be condemned, merely, because they are liable to abuse. We must balance the evil against the good, and decide in favour of the side that preponderates. Banks have no doubt greatly promoted the prosperity of this

country in the last twenty-five years, although they have been multiplied most unwisely, and conducted most unskilfully, and fraudulently. Whether they will continue to be a blessing, or a curse, to the country, time only can determine.

People in this country look with astonishment at the enormous increase of the national debt of England, in the last thirty years. They are deceived by appearances, and misled by names, or they would turn their astonished eyes from the increase of England's debt, and look with still greater astonishment, at the equally enormons increase of bank stock (which is but another name for a national debt,) in this country. The operation of the two kinds of debt upon the public is precisely the same. The interest paid on the two kinds of stock, which is the only thing that effects the people in either case, is derived from the same source, and is produced by the same cause. The labour of the nation produces it in both cases. In the one case the stream runs from the fountain to the reservoir direct, and the eyes of the people can trace it from one *terminus* to the other. In the other case it takes a more circuitous course, and the people lose sight of it in its meanderings.

Suppose a man in England lives on his dividends on national stock, and another in this country lives on his dividends on bank stock, will it be pretended that these dividends arise from different sources, or are produced by different causes? Let them be traced to their origin, and see if they do not flow from the same fountain.

The national stockholder in England receives his dividends from the treasury—who put them into the

treasury?—perhaps the landholder—where did he get them? If he cultivates his own land, then he dug them out of the earth.—If he rents his land, then they were paid to him by his tenants. Where did the tenants get them? they dug them out of the earth by their own labour. But, perhaps, they were paid into the treasury by the great brewers in England, under the name of excise. Where then did the brewer get them? not out of his beer vats, for money no more grows there than in the treasury. The brewer gets them from the farmer, the merchant, the mechanic, the manufacturer, and from his customers, one and all, to whom he sells beer. But where do these people get these dividends? The farmer digs them out of the earth, the blacksmith hammers them out of his anvil, the weaver conjures them out of his loom, with his shuttle, the merchant subtracts them from his balance of trade, the sailor mounts to masthead in the midnight storm, and gathers them from the winds and the lightning, and in this way the stockholder's dividends in England are produced, collected, and paid over. The whole is produced by the labourers of the country.

The bank stockholder also receives dividends on his stock, even to a greater amount than the national stockholder. Where does he get them? Out of the vaults of the bank. But how came they in the vaults of the bank? They were put there by the money borrowers—by those who have obtained discounts. Here there is a winding in the rivulet, and people lose sight of it. They take the borrower to be the source from which it flows. But let the question be answered, where does the money borrower get the interest which he pays to the bank?

It is an old adage, that money begets money, and from reading what Adam Smith says about capital, one would be led to suppose, that he understood the adage in its literal sense, and adopted it as the fundamental principle of his book; but in its literal sense it is false—it is only true in a figurative sense. Most people, however, seem to understand it in its literal sense.

The borrower at bank is probably a merchant, and the loan serves him as a capital, which enables him to carry on the business of exchanging one commodity for another. His first operation, we will suppose, is to purchase a thousand barrels of flour, and a hundred hogsheads of tobacco, which he ships to a foreign market. He sells his flour and tobacco, and invests the proceeds in foreign goods, which he imports and sells to the farmer, the mechanic, the manufacturer, the sailor, in precisely the same manner that the brewer sells his beer to the same classes of people. After this is done, he strikes his balance, and finds he has made gain enough to pay the loan and the interest on it. Not only the capital, but the interest on it is paid to him by the persons to whom he sells his goods, and this interest is derived from precisely the same source, primarily, that the brewer in England derived the excise, which paid the interest on the national stock; and this source is precisely that which has furnished every cent of interest that ever was or ever will be paid on either national or bank stock; and the cause which produces it is precisely the same. The source is that great fountain, the earth—the cause is the labour of man.

The great evil of a national debt, therefore, is the facility it affords to the monied men of the country to accumulate private fortunes; a facility that does not extend equally to the poor. It causes a much greater inequality in the division of property, than would otherwise take place, which is necessarily attended with poverty and pauperism, among a large class of the community. A man who has money finds very little difficulty in adding more to it, provided there is a savings bank, in which he may deposit all his gains, and have them invested in such a manner that they shall produce an interest without risk or trouble to himself. A man who has nothing, finds more difficulty in accumulating a thousand dollars, than in adding ten to it, after he has invested that thousand in either public or bank stock, which produces him sixty dollars a year. The labourer who can, at best, lay up but a dollar or two a week gets discouraged, even before he has accumulated a hundred; and he says to himself, what is the use of all this toil and parsimony? I may as well take the good of my earning as I go, I may not live to get much; and, therefore, he considers it the best policy to spend as he earns. But a man who has money in the funds, soon learns how fast it accumulates. He has already a few shares of stock, and the facility of investing whatever he can save, induces him to do it. It short, stocks of every kind are an engine in the hands of the rich, which enables them to raise themselves and depress the poor, to a much greater degree than they could do without them.

The question has been much discussed among the politicians of England, whether their national stock

can be redeemed, or in other words, whether the national debt can be paid off; and what would be the effect of paying it off upon national wealth and prosperity. For the accomplishment of this object various expedients have been proposed. It is not my intention to examine these various expedients, or compare their respective merits. My knowledge of the subject is not sufficiently minute to justify the undertaking, nor is the subject itself of sufficient importance to an American politician to require it. It may however be well to state some few general principles respecting it.

Upon this subject it is always to be recollected that the public creditors are tenants in common, in fact, if not in form, with the public debtors, or property-holders, in all their taxable property. That the title of the one, both in law and equity, is as valid, as the title of the other, and that any law which should operate to extinguish the title of the public creditors, without a fair compensation, would be equally unjust with a law which should extinguish the title of the public debtors to their property, and turn them out of possession. The nation has a right to redeem the stock according to the terms of the contract with the public creditors, but no right whatever to take the property of the creditors and give it to the debtors, any more than to take the property of the debtors and give it to the creditors.

Some politicians have supposed, that if the national debt was *spunged*, as the phrase is, it would relieve the nation from its present distresses. They reason about as wisely as a surgeon would, who seeing a patient afflicted with *the stone*, should propose to re-

lieve him by amputating a leg. The distress of the nation is not caused by the national debt, as such, but by the unequal division of property; and spunging the debt would have the effect of aggravating the evil tenfold. By extinguishing the title of the public creditors in the property of the public debtors, it would in effect transfer to the latter all the property of the former. It would not give a foot of land to the poor, nor put a cent of money in their pockets, nor would it raise the price of labour, but on the contrary lower it; for it would not increase the demand for labour.—There would be no more work required after the debt was spunged, than before, and indeed, not as much, for the consumption would not be as great.—The public creditors whose means had been thus violently taken from them, would not have wherewithal to pay for so great a quantity of the comforts, and perhaps, could not even supply themselves with the necessaries of life. That part of the community whose property had been so suddenly increased, in consequence of spunging the debt, would not as suddenly increase their consumption of the necessaries and comforts of life. The consequence would be, that as the consumption of the country would be greatly diminished, the demands for labour would be diminished in the same proportion; and not only this, but the quantity of labour, that is, the number of those who must live by their labour, would also be increased. There would be a *surplus of production above consumption*, or an *accumulation of superfluous labour*, and in the opinion of those who maintain that either of these constitute national wealth, spunging the debt, would, perhaps, promote

national wealth: But if national wealth consists in every able bodied man, being able to procure for himself and family, at least the necessaries of life, by his labour, spunging the debt would be an act of desperate madness, and instead of lessening, would aggravate the distress of the nation tenfold.

As then a national debt is a public evil, and as the evil cannot be cured, by the violent act of spunging, the next inquiry is, whether it can be redeemed.

One who has witnessed the operation and effects of winding up the concerns of a little, petty, contemptible, broken bank, may form some idea of the operation and effects of redeeming the public stock of England, or of paying off the public debt. It usually takes several years to wind up the concerns, and pay off the stockholders of a bank of a few hundred thousand dollars, and it could not be done even so soon, but for the facilities afforded to the debtors of the bank, to transfer their debts to other banks. The effect also of paying off the stockholders, is in a great measure neutralized, by the facility they have of re-investing their money in other bank stock. Still, these small things enable us to form more distinct and accurate ideas of large ones, as an artificial globe enables us to form more accurate ideas of the globe we inhabit.

There is, however, this difference in the two cases, in favour of national stock. The debtors to a bank, owe usually much greater in amount, in proportion to their means of paying, than the debtors to the nation; and the difficulty of paying, depends not upon the number of debtors, or the amount of the stock, but upon the means of the debtor for paying. On the

part of the debtors, therefore, there might be less difficulty in redeeming the national stock, than the debtors of a bank would find in paying off the stockholders.

The difficulty of redeeming a national debt, does not, as is generally supposed, lie with the public debtors, or property holders, for it would not, probably, take more than twenty-five or thirty per cent. of all the property in England, to pay the public debt; in other words, the interest of the public creditors, in the property of England, does not probably amount to more than a third or fourth of the value of the property. The debtors, therefore, in paying off the public debt, would not have more than a third or a fourth of their property to redeem, and it would seem, that a whole people might do that in fifty years, at most. It would seem, that every property holder in the kingdom, might at least pay one per cent. of his debt a year, besides paying the interest on that debt. But if the public debt does not amount to more than a fourth of all the property in the kingdom, the property holders, in order to pay off the debt in fifty years, would only have to pay one half per cent. of their debt a year, besides paying the interest on that debt. A general contribution then, of all the property holders of one per cent. a year, on all their property, besides paying the interest, would, at farthest, pay off the national debt of England in fifty years. If the property holders then see fit, there seems to be no difficulty in paying off that debt within a moderate period, without much inconvenience to themselves.

But the most severe operation of paying off the national debt, would be on the public creditors. To

compel them to sell their full amount of property, (for property they have, although they do not hold it by any of the common law titles, assurances, or conveyances,) and to receive their pay in money, at a price fixed half a century ago, which, at the time payment is made, may be only a nominal price, may be upon them a very great hardship. The very effect of paying off the debt, would be, to lower the value of money, and raise the price of land and other property. In other words, the relative proportion between money and property, would be changed in favour of property. Those creditors who had been paid in money, must vest it in something, and they could vest it in nothing but property. The demand for property would therefore be increased, and of course, would rise in value. The creditor would be compelled to sell his property at a fixed price, which cannot vary, and be obliged to re-invest his money in property which has no fixed price, but which is constantly augmenting in value, in proportion to the demand.

The legal title of all the property in the country, is in the public debtors—the public creditors have a sort of incorporeal hereditament, or legal entity in that property, which the very act of paying off the public debt extinguishes. The very effect then, of paying off any portion of that debt, is to relieve the property of the kingdom from a charge equal to the amount of the debt paid off, and to put the public creditors in possession of such a quantity of money, as there has been of the debt paid. This must immediately be invested in some kind of property, in order to procure to the owner a revenue—he must

either loan it, or he must invest it in property. If he loans, the borrower must invest it in property.

The demand for property is therefore increased, but the quantity in market remains the same. The consequence must be a rise in value. Money being the standard, or weight, by which the value of property is ascertained, it follows, that whenever property rises, the value or weight of money must sink. Property, therefore, which the public debtor has for sale, is raised in value, and money, which the public creditor is put in possession of, by the act of paying off the public debt, is sunk in value, by the very same operation; and this rise of the one, and fall of the other, is greater or less, in proportion to the rapidity with which the public stock is redeemed.

If paid off gradually, so as to give time for the money which the creditor is put in possession of, to be prudently invested before another quantity comes into market, something like an equilibrium may be preserved between the present value of money and property.

It is, therefore, the interest of the property holders, or public debtors, to pay off the debt as fast as possible. It is for their interest to lay an income tax, and every other species of tax, which shall cause the public debt to be paid off, with the greatest possible rapidity. It is for the interest of the stockholders, or public creditors, not to have the debt paid off at all; or if paid off, to have it paid as gradually as possible. Public stock is the most convenient property they can own, although not so for the nation.

The misfortune is, that the public creditors understand their interest much better than the public

debtors, or property holders; and they have, besides, more influence with the government, who looks to them for supplies, in case of an emergency.

When property holders come to understand their interests, they will be the advocates for heavier taxes, for the purpose of paying off the national debt.

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## CHAPTER X.

### *Corporations.*

In modern politics, and in modern systems of political economy, corporations make a very conspicuous figure. I do not, by this mean, that corporations are of modern date, for they are as ancient as the social compact, although some writers have supposed that the art of making *unity* or *individuality* out of a multitude, was a discovery; but in reality a nation is a corporation, and therefore, corporations must have existed as long as nations have existed. But in modern times corporations have been greatly multiplied and created for purposes altogether unknown in ancient times.

In political economy corporations may be divided into two classes. First, *political corporations* created in furtherance of civil government, for the more perfect administration of the laws, and for the protection of social and civil rights. This class embraces nations, as contra-distinguished from the individuals of

whom they are composed. This class also includes all the subdivisions of a nation into states, counties, cities and towns, and the more perfect and complete this subdivision is, the more perfect is the form of civil government. The very great advantage of dividing a nation up into small corporations of this description, is most strikingly manifested in New England.

There is no one circumstance in the civil policy of the New England states, in which they have so great an advantage over the other states, as in that of the division of the states into town corporations. No man who has not seen the influence of these upon the manners, morals, customs, and habits of the people, can form any conception of their vast importance in civil government. These corporations, however, relate rather to the form and detail of the government, than to the science of political economy.

The second class of corporations may be demominated *money corporations*, and their influence on national wealth, is more direct and immediate than the first class.

This class embraces banking companies, insurance companies, road companies, trading companies, and every description of associations, incorporated for the purpose of promoting the fortunes of the members of the corporation. The act of incorporation is for the purpose of giving the members an artificial power, which they would not possess in their individual capacities.

Besides these, lawyers make a variety of other corporations, where the object of the corporation is the promotion of learning, charity, religion, or some ob-

ject which may be thought useful to society. But with these, a political economist need not trouble himself. They will be useful or otherwise, according to the utility of the object they propose to accomplish, and their adaptation to the accomplishment of it.

The very object of a *money corporation*, is to give to the members an artificial power, which they would not otherwise possess, or to exempt them from some liability, to which they would be subject, but for the act of incorporation.

The very object then of the act of incorporation is to produce inequality, either in rights, or in the division of property. *Prima facie*, therefore all money corporations, are detrimental to national wealth. They are always created for the benefit of the rich, and never for the poor. The poor have no money to vest in them, and can, therefore, derive no advantage from such corporations. The rich have money, and not being satisfied with the power which money itself gives them, in their private individual capacities, they seek for an artificial combination, or amalgamation of their power, that its force may be augmented.

An incorporated banking company has a great advantage over individuals in loaning money. By combining the fortunes of a great many individuals, they not only operate with greater effect, and with less danger from competition, but their private property is also, ordinarily, exempted by the charter, from all liability for the debts of the bank. Here then are a parcel of rich men, cloathed with the privilege of having their property, beyond a certain extent, exempt from liability for their debts; a privilege which no private citizen enjoys. The laws of nature, how-

ever, require that the natural equality of men should be preserved, as far as practicable, in civil society; and it is the duty of government to preserve this natural equality, so far as equal laws, and equal rights and privileges will preserve it.—To keep all the members of the community as distinct and independent as possible.—To preserve the individuality of the citizens, and to discourage, as far as practicable, all associations, for the purpose of giving to those combined, an artificial power. These are general rules, to which there may be, and no doubt are, some exceptions.

Why do a parcel of rich men wish to combine their capital and form a bank, or an insurance company? For no other purpose but to augment the artificial power, already too great, which money gives them, in accumulating more. Can the poor derive any direct advantage from such an institution? Can they hope to own any part of its stock? Can those who have no money, hope to enter into competition with those who have, in buying the stock? Such a hope must be remote indeed.

These banks, by promoting the circulation of money, may stimulate industry by creating new demands for labour; and in that way they may promote the welfare of the poor. This they do, by affording facilities and means to enterprising men to engage in business. This effect, however, they produce only under particular circumstances, when from some peculiar situation of a country, there is an unnatural want of men and money, to carry on particular branches of business. Such was the case of the United States after the revolution, and up to the late

peace in Europe. This, and like cases, are exceptions to the general rule.

Every money corporation, therefore, is *prima facie*, injurious to national wealth, and ought to be looked upon by those who have no money, with jealousy and suspicion. They are, and ought to be considered, as artificial engines of power, contrived by the rich, for the purpose of increasing their already too great ascendency, and calculated to destroy that natural equality among men, which God has ordained, and which no government has a right to lend its power in destroying. The tendency of such institutions is to cause a more unequal division of property, and a greater inequality among men, than would otherwise take place; which necessarily bring in their train, as has already been shown, poverty, pauperism, and misery on the rest of the community. The influence of such institutions on national prosperity is precisely the same in proportion to their amount of stock, as that of a national debt.

I do not say, that corporations of this description, ought never to be created, but only that they should be created with caution. It must be recollected that too great an equality in the division of property is as prejudicial to national industry and wealth, as too unequal a division. There must be some high prizes in the lottery, in order to encourage people to venture their fortunes in them. There must be rewards for industry, enterprise, and talents, in order to stimulate their exertion.

A money corporation should be cloathed with as few exclusive privileges as possible.. It should be encumbered with as many restrictions, as shall be

necessary to keep the stock always as low as par. Whenever it rises above par, it is a sure sign that the company has gained an advantage of the public, equal to the excess above the par value. The private property of the stockholders should never be exempted from the payment of the debts of the bank.

Under such restrictions as shall keep the stock down to its par value, a bank may be useful at all times.—It does not then, tend to the unequal and unnatural division of property.

Corporations also for the purpose of building roads, canals, and making other permanent improvements, may be very beneficial to a country. But in incorporating all such companies, it should be a universal principle, never to incorporate them for the purpose of giving the individuals an artificial power to increase their own fortunes. Wealth of itself gives the possessor, artificial, and unnatural power enough, when exerted singly and individually, and quite too much when combined and cloathed with artificial advantage.

People are not usually aware of the immense advantage, a company of monied men acquire in consequence of an act of incorporation. It gives them a much greater influence and power, than the same amount of property would do, divided among the individual members of the corporation. It enables them to control in a great degree, the operations and industry of a whole community.

It is true, no man is obliged to borrow money of a bank.—It is a voluntary act on the part of the borrower. The same, however, may be said of a shav-

ing shop, or of a gambling house, but every man knows that a moral influence is not less efficacious, than a physical one.

By possessing such an immense engine of power, a bank can often so far control the operations of private individuals in every branch of business, as to be able to put almost any man down, who shall attempt to do business without their agency, or who refuses to submit to their domination. The young, the ardent, and enterprising, are encouraged to engage in business, by the facility of obtaining the means through the agency of banks. They have, perhaps, a few thousand dollars of their own, and some friend is persuaded to become their indorser at bank, for the purpose of getting more, and after a few years of laborious industry they find that all their own money, and the proceeds of their labour, have been swallowed up by the banks, and they may think themselves well off, if a part of their friend's property has not gone the same way.

It is no doubt a melancholy fact, that more than all the profits of all the industry of Baltimore, in the last five years, have found their way into the vaults of the Baltimore banks. The people, it is true, have lived in the meantime, but the people of Baltimore exclusive of the bank stockholders, are no doubt at this day possessed of less property, than they were five years ago. The banks have become possessed of a great portion of the real property in the city, while the industrious labouring class of the community, have been continually growing poor.

That the stockholders themselves are often ruined by the mismanagement, and fraud of their officers or

agents, is true, but this is not the fault of the public; and they ought not to be permitted to prey upon the public, with a view to make good their losses, and above all they ought never to be permitted to claim any privileges on account of their services to the public. They should be kept to the strict letter of their charter.

It is a prevailing vice in all governments, of extending their patronage and protection to the rich and powerful, to the almost total neglect of the poor and weak. Laws are made for the purpose of enabling the rich to augment their fortunes with greater facility, and which do, in reality, operate as exclusive privileges. Institutions are established for the purpose of accumulating the revenues of the rich, and adding them to their stock of wealth. Governments seem never to have reflected, that in proportion as one man, or one class of men grow rich, others must grow poor—they seem to have forgotten that the whole is equal to all its parts, and that an unequal division of property, necessarily causes an unequal division of the annual product of labour.

All these fatal errors in legislation, (except those wilful ones produced by the selfishness of men,) proceed from confounding national with individual wealth, and from that disastrous doctrine, of *accumulation*—from that doctrine which makes national wealth to consist of *the surplus of produce above consumption*, and which teaches that national wealth can only be augmented by *parsimony, and not by industry*, which makes *avarice* the fundamental principle of national wealth; the necessary consequence of

which, is poverty and pauperism to the labouring classes of the community.

When consumption equals production, the labouring classes will enjoy the greatest abundance. The rich will, under all circumstances, have the ability to procure the necessaries and comforts of life in sufficient abundance. Governments, therefore, have no occasion to trouble themselves on their account, or adopt measures to augment their revenues. The maxim of governments should be, "the rich are able to provide for themselves, the poor need the protection and patronage of government;" instead of which, they act upon the principle that the poor are able to provide for themselves—the rich need the protection and patronage of government. In European governments, where the titled and privileged few constitute the nation, it is natural to expect that the fundamental principles of the governments, and of their systems of political economy, will have relation only to those privileged great and rich ones; but in a republican government, the nation should be considered as composed of all the people belonging to it, and no measures ought to be adopted, which have a direct or remote tendency to give one class exclusive privileges or undue advantages over the rest of the community.

## CHAPTER XI.

### *Slavery.*

It has been made a question among the learned, whether most good or evil has resulted to mankind, from the discovery of America. That the munificent gift of a new world, should have given rise to such a question, is of itself a melancholy proof of human depravity.

Although there may be no serious difficulty in deciding this question, yet, when we consider what oceans of blood have been shed—how many human beings have been butchered—how many nations of brave, high minded men have been exterminated; and when we add to this the mass of human suffering which has been already caused by negro slavery, the philanthropist is almost ready to drop the tear of regret, and exclaim, alas, that America was ever discovered!

The most ardent philanthropy, and the most splendid talents, have, during the last thirty years, been employed in pourtraying the horrors of slavery; but only one side of the subject has yet been examined. Those who have hitherto directed their attention to it, have been principally employed in bringing to light the enormities of the slave trade—its pernicious influence on the people of Africa—the barbarities of those abandoned wretches, employed in the horrid traffic, and the deplorable state of bondage to which the slaves and their posterity are doomed.

It is but a few years since men, who called themselves christians, had the audacity to defend the slave trade, not only in the British parliament, but in an American congress; and the annals of our country contain a record of the disgraceful fact, that two American republics refused to come into the Federal Union, unless they could have the privilege of carrying on the slave trade for twenty years. But in that twenty years, such a revolution has taken place in public opinion on this subject, that the man who should now justify the slave trade, would be looked upon as a monster of human depravity—a mass of moral pollution, the very sight of whom would almost contaminate.

The influence of slavery upon national wealth and power—upon those who have been guilty of this abominable transgression of the laws of nature, and upon their posterity to the thousandth generation, yet remains to be examined.

This branch of the subject belongs to the department of the political economist; and although the influence of slavery on national wealth, is a matter of cold calculation, and not suited to the vivid descriptions of eloquence, or of powerful appeals to the sensibilities of the heart; yet its pernicious influence in this respect, constitutes an evil in the estimation of the political philosopher, of even greater magnitude than the mere sufferings of the slaves themselves.

The man who believes in God's moral government of this world, and that he has established certain immutable laws of justice, which he does not permit to be violated with impunity, can easily discern his

avenging arm, in visiting upon the oppressor the manifold evils resulting from slavery; and it behoves a christian people to use all diligence in purifying itself from this abomination.

The man who believes in God's moral government of the world, will readily perceive the marks of his hot displeasure against slavery, in the diminished population which it causes—in the comparative unproductiveness of the earth, in consequence of imperfect cultivation—in the idle, dissipated habits, and consequent moral degradation, which always characterises a portion of the inhabitants of a slave state. In short, the footsteps of an angry God, are plainly visible throughout a state where slavery abounds.

I am aware, that the present generation are, by no means, answerable for all the evils of slavery. The whole iniquity is, by no means, chargeable to us—the cause was brought upon our country without our agency. We shall, therefore, be answerable so far only, as we neglect those means in our power, of mitigating the evil; or adopt measures calculated to augment or perpetuate it. If, instead of adopting measures to remedy the evil in whole, or in part, we adopt measures calculated to augment it, we certainly shall not stand guiltless at the bar of justice.

Slavery is generally admitted to be a great political, as well as moral evil, although there is a much greater diversity of opinion upon this subject than is generally supposed. The current of popular opinion is against slavery, which causes those who are in favour of it, to be more cautious in publicly avowing their sentiments. It is also in such direct hostility to the genius of our government—so repugnant to the

first principles of all our political institutions, that those who are in favour of it find themselves not a little embarrassed by these heterogeneous principles, and they are greatly perplexed with the difficulty of reconciling their conduct, in regard to slavery, with their professions respecting the rights of man.

From this dilemma there is but one way of escape, and that is by admitting slavery to be a political evil, but at the same time maintaining that it is an inevitable evil, for which there is no remedy.

This reasoning is much of a piece with that of a man who should undertake to justify robbery and murder, upon the ground of the depravity of his nature, and his natural propensity to commit those offences. Slavery is not more inevitable than the depraved nature of man, nor is the existence of the evil a justification for not endeavouring to remedy it, any more than the existence of a depraved nature in man, is a justification for not controling and reforming his wicked propensities. It may not be possible to effect a radical cure in either case, but this is no excuse for not making the attempt, and doing what we can.

As I am thoroughly persuaded that slavery may be eradicated from every state in the union, without jeopardizing the peace and tranquility of the states: and as I am also thoroughly persuaded that the best interests of the states require this to be done, I shall take the liberty of stating very concisely some of my notions on this subject.

The subject having of late been so thoroughly discussed in this country, it may, perhaps be thought unnecessary to renew the discussion, as it can

scarcely be expected, that any new light can be thrown upon it. I am aware of the disadvantage under which I labour in treating of a hackneyed, worn out subject, and shall, for that reason, be as concise as possible; but the influence of slavery on national wealth, is very great, and an American treatise on political economy would be very imperfect, which should omit so important a subject. The science of political economy consists of various distinct branches, but they have, nevertheless, a connexion with each other, and should be treated in conjunction.

The influence of slavery on national wealth, is to be considered mainly with a view to its influence on population. The increase of population is a necessary consequence of national wealth and prosperity, at least in all new countries that are not fully populated; which is the case with all parts of this country. Showing the influence of slavery on population, therefore, will show its influence on national wealth and prosperity.

By referring to the censuses that have been taken, it will be found by any one who will take the trouble to make the calculation, that the white population increases about twice as fast in the free states, or in those states in which there are few or no slaves, as in the slave states.

It will also be found, that the gross population, black and white, increases much slower in the slave, than in the free states.

The white population in the states east of Maryland, including Delaware, Pennsylvania, New Jersey, New-York, and the New England states, increased somewhat more than twice as fast, from 1790

to 1810, as the same population did in Maryland, Virginia, the Carolinas, and Georgia.

No inferences can be drawn from the increase of population in the new states, settled since 1790, as the population is made up in a great measure of emigrants.

The difference of increase of the white population in the old Atlantic states, cannot be attributed to any other cause than that of slavery. The emigration from them has not been great enough to cause one half the difference; and besides the emigration has probably been greater from the free than from the slave states.

If there is any difference in the natural advantages of the respective states, it is in favour of the southern. Their territory was the most extensive and least crowded with population.—Their soil the most fertile, and its products the most valuable.

As slavery then has such a pernicious influence on the increase of population, its influence on national industry and wealth must be equally pernicious, for it is an acknowledged truth, that a population will increase in proportion as the means of subsistence increase.

Had there never been a slave in the southern states, there can be no doubt but what their population, at this day, would have been much more numerous than it is, including the slaves. The country would have been in a much higher state of cultivation, and, instead of being covered with the miserable huts of slaves would have been covered with the neat and comfortable dwellings of a free, brave, and hardy yeomanry.

What man that delights in the happiness of his fellow-creatures, can behold the waste and ruin of that happiness caused by slavery, without regretting that it should ever have been permitted to pollute our soil? And who is there that loves his country, that would not be willing to make almost any sacrifice to eradicate it?

The reason why a white population does not increase so fast in a slave, as in a free state, are apparent to the most superficial observer. There is less industry in proportion to the number of people in a slave, than in a free state; and as the product of labour depends on the quantity of industry, it follows, that the means of subsistence must be less abundant. A large portion of the white population are dependent on their labour for the means of subsistence, but in consequence of slavery, there is less demand for their labour—they are not so abundantly supplied with the necessaries of life as in those states, where there are no slaves, and therefore, they do not increase so fast.

In all countries, labour is reputable, or otherwise, according to the character of the persons we usually see employed in it. The character of the agent stamps the character of the action. There is ignominy attached to those occupations, in which we usually see slaves employed.—No white man, therefore, will labour in those occupations, if he can avoid it.

This is forcibly illustrated by the different estimation in which labourers are held in the eastern and southern states. In the former, manual labour is no reproach to any man, however elevated his rank. In the latter, the labour of the hands, at least in those occupations in which we usually see slaves em-

ployed, contaminates the blood to such a degree, that it will require one or two generations to purify it. The evils of slavery always fall most heavily on the lower classes of society, who are also the most numerous.

It is truly a melancholy spectacle to look through the different slave states, and see to what a deplorable state of degradation the lowest class of white population is reduced, in consequence of slavery. Most of the menial offices are filled by slaves, and if a white man or woman has the misfortune to possess no property, and are under the necessity of going into service, and supporting themselves by their industry, they are immediately reduced to the level of the slaves.—They are not esteemed fit associates for their employers.—They must not eat at the same table.—They are considered an inferior order of beings. The wretchedness to which such a state of things reduces the class of poor females, who are under the necessity of supporting themselves by their industry, can more easily be imagined than described.

But the influence of slavery in restraining the increase of population, is by no means the most alarming evil attending it. It will be found by the censuses above referred to, that the slaves increase faster than the white population in a slave state.

This is a most alarming fact to those who feel any interest in the future prospects of our country. Should this continue to be the case, (and there is no reason to suppose it will not, if the present policy in regard to slavery is pursued,) it must at no distant day, terminate in insurrections and servile wars, shocking even in imagination.

Whenever the slaves shall come to have the physical power to throw off their chains, it cannot be expected, that they will quietly remain in bondage. Whenever this shall come to be the case, the whites will have no security even for their lives, but in the strong arm of military power.

At the present rate of increase of the two species of population, the black will be more numerous than the white, at no distant day.* In Maryland and North Carolina, the black population increases more than twice as fast as the white, and in Virginia, more than one-third faster. All the evils, therefore, to be apprehended from an excess of black, or slave population over the white, must sooner or later be realized in these states, unless some thing is done to prevent it.

What a shocking picture of futurity for our country, does this single fact present to the reflecting mind? Does it become a legislator calmly to witness the approach of such a state of things, without making an effort to avert it? Instead of devising ways

* The following is a table of the rate of increase of the two species of population, in the five Atlantic slave states, from 1790 to 1810.

| | *White.* | *Black.* |
|---|---|---|
| | per cent. | |
| Maryland, | 13 | 31 |
| Virginia, | 24 | 38 |
| North Carolina, | 70 | 30 |
| South Carolina, | 64 | 84 |
| Georgia, | 275 | 267 |

In the above estimate the whole black population, free and slave, is included. Where manumission is constantly going on, as is the case in some of the states, it is impossible to ascertain the actual rate of increase of the slave population.

and means to arrest the progress of the evil, does it become him to adopt and persevere in measures, calculated to hasten its approach?

That slaves should multiply faster than free whites, is what one would naturally expect without having any positive and certain knowledge on the subject. Slaves like all other human beings, increase in proportion as the means of subsistence are abundant. They usually belong to men of wealth, who have the means of supplying them with the necessaries of life. The slaves themselves are under no natural or moral restraint—they are at no trouble in providing food for either themselves or children. If they perform their daily task, it is all that is required of them. So long as they are valuable, it is the interest of their masters to furnish them with as much food as is necessary to keep them in health and strength.—It is also for the interest of the master, that they should multiply as fast as possible; for they are raised as an article of profit and traffic, the same as cattle and horses, and they increase almost as fast. It is not, therefore, surprising, that they increase faster than the whites.

Although these are not a tenth part of the evils of slavery, yet these are enough to satisfy any reasonable man, that it ought to be abolished as soon as it can be done, consistently with the peace and tranquillity of the states.

It is generally admitted, at least in argument, that it would have been much better for the country, if there had never been a slave in it, and that it would even now be a desirable thing, if the country could get rid of the slaves altogether, but there is a great

variety of opinion, as to the manner in which this is to be accomplished, if accomplished at all.

It is at least a very common, if not a prevailing opinion, among the southern people, that the evil of slavery is utterly incurable, and that, therefore, the cords of slavery, instead of being relaxed, should be drawn tighter, as a security against insurrection.

Upon this principle some of the states have passed laws prohibiting manumissions, and all of them endeavour to fetter and restrain manumission as much as possible. This is the prevailing policy of the country, and not only characterises the state legislatures, but also their courts of justice. The most rigid rules are adopted against the rights of those who are claimed to be slaves.—Every presumption is against them—and it requires as much formality to set a slave free, as it does to convey a title to land. In short, the whole policy of the states, in regard to slaves, seems to be founded upon the principle that the best interests of the states require, that the bonds of slavery should be drawn as tight as possible. Hence, some of the states have passed laws, prohibiting the education of slaves, or their instruction in the principles of the christian religion. All such measures, are calculated to aggravate, instead of mitigating the evil. Such a policy will increase the malignancy of the disease.

It has been proposed to *colonize* the black population of our country, and in that way to eradicate slavery. This scheme at one time was very popular, and many anticipated its complete success. A very little reflection, however, will satisfy any man, that the scheme is utterly hopeless, so far as it proposes

to rid our country of the black population, or abolish slavery.

Colonies may no doubt be planted in Africa, or in other parts of the world; but no man acquainted with colonial history, or who has any knowledge of the difficulties of planting colonies, or of the slowness of their growth, will have the remotest expectation, that any perceptible impression can be made upon the black population in this country by colonization.

A colony can never be considered as firmly planted, until a race of men have grown up out of the soil—who know no other country, and whose affections and attachments are all centered in the colony. The allegory of Cadmus sowing the dragon's teeth, in the plain, and their producing armed men, was intended as an illustration of the difficulty of planting colonies, and the manner in which they take root, and flourish. The emigrants to a colony must be planted in the earth, and from their bones must spring up a race of men, armed too they must be, before the colony can be considered as firmly established. To do this, will require with the most paternal attention and encouragement from the mother country, at least a half, if not a whole century. Such has been the case with all the colonies, planted in America—such has been the history of every colony ancient or modern. And to suppose that a million and a half of people, whose numbers are most rapidly increasing, can be transplanted and colonized in this manner, is chimerical to the last degree.

The present annual increase of our black population, is at least forty, and probably as much as forty-

five thousand, as any man may be satisfied of, by making a calculation from the censuses.

The black population from 1790 to 1810, increased about three and a half per cent a year. It is to be recollected also, that population increases like compound interest. The increase is annually added to the principal, and augments its power of increase in proportion. By the time a colony, or colonies could be firmly established, the increase of our black population would probably be more than a hundred thousand a year.

If then the bonds of slavery are not to be loosened, till loosened by colonization, we may take it for granted, they never will be loosened. We may take another thing for granted also.—If the gordion knot of slavery is not untied within a century from this day, it will be *cut*.

A much more feasible plan of getting rid of a portion of our black population is, by encouraging their emigration to St. Domingo, and the other West India islands. The day is not far distant, when all these islands will be under the dominion of the African race, and the more of our blacks we can get into those islands, the better for our country, on more accounts than one.

In 1805, there were two hundred and eighty thousand slaves in the island of Jamaica, and only twenty eight thousand whites. In 1819, the slaves had increased to three hundred and twenty-six thousand, nine hundred and fifty-eight.*

* See the governor's statement to the colonial legislature, in December, 1819. The increase of the whites is not given.

To suppose that these people are to remain in bondage for ever, is altogether unnatural and repugnant to the lessons of experience. It is wholly impossible to prevent the progress of knowledge among them, and as soon as they become instructed in the principles of the christian religion, and in the natural rights of man, they will be sure to throw off the yoke of bondage. All attempts to keep them in ignorance and slavery, will be as ineffectual as the attempts of the popish hierarchy were, to stifle the germinating seeds of the reformation.

Let the governments of St. Domingo get a little more stability and consistency—let them become firmly rooted in the hearts of the people—let their power be extended over the whole island, and let the people become habituated to think and act for themselves—let knowledge overspread the island, and we shall soon see the influence they will have on the rest of the islands—let England also be curtailed in her power on the ocean, or let her get involved in war with some of the European powers, or with America, and we shall see revolutions in the West Indies, as well as in Europe.

Those who live to see the close of this century, will see Jamaica, Cuba, and the greater part, if not all the West India islands, under the dominion of the African race; and the greater portion of our blacks we can get among them, the better for our country.

If the different state governments would set in earnest, about encouraging the emigration of our free blacks to St. Domingo, or give a bounty to those owners of slaves who would send them to that island, a very considerable diminution might be made in that

species of population, in the course of ten years.—The chiefs of the governments in that island, are favourable to such emigration, and would, no doubt, enter into some arrangements with our government, for the purpose of facilitating emigration.

It will not, however, be possible, even in this way, to get rid of the whole of our black population. The African race is effectually planted in this country, and will remain here until the last day. The only way in which they can be got rid of entirely, is by a general massacre—a measure not very likely to be resorted to. They are here, and have as much right to remain here as the whites. We have no more right, because the blacks are an evil, to take violent measures against them, than the people of England have, to adopt violent measures towards the paupers of that country, because they are an evil.

As the blacks are then always to remain amongst us, it only remains to manage them in such a way as to render them least injurious to national wealth and prosperity. The great object should be to increase, by all lawful means, as much as possible, the disproportion between the blacks and the whites. We have no right to adopt any unjust measure for this purpose; but if, by doing justice to the slaves, we can restrain their increase, and at the same time, promote the increase of the whites, sound policy requires this to be done.

By reference to the censuses, it will be found that a slave population increases by procreation, much faster than a free black population. By doing justice, therefore, to the slaves, in manumiting them, their rapid increase will be greatly restrained. This presents

an easy, a natural, and a just method, by which the evil of an overwhelming black population may, to a very great extent, be prevented. This is a much more effectual method of lessening the comparative numbers of our black population, than colonization or emigration.

The difference of the increase of the slave and free black population, according to the most accurate estimates that can be had, is at least one per cent. a year, if not more. One per cent. a year, on a million and a half of people, is fifteen thousand. It will be a long time before a colony will get sufficiently strong to receive fifteen thousand emigrants a year.

The increase of a population, it must also be recollected, is a compound increase; so that a measure, which should now lessen the increase of a million and a half of people, fifteen thousand a year, would lessen it a much greater number, in the course of ten years.

There is, also, this important difference between an emigration of fifteen thousand a year, and a diminished increase of that number. In the former case, the power of the fountain, that sends forth the bitter waters, is not in the least degree abated, but would be rather invigorated, by the exertions of nature, to supply the vacuum occasioned by the emigration. In the latter case, the power of the fountain is weakened—its force is impaired, and in some measure paralized. As there is no vacuum made, there is no call upon nature to supply it. The difference in the effect of these two causes, would be surprising in the course of twenty years.

It will be found, from the censuses, that the white

population in the free states, increases more than twice as fast as the free black population. The main object of all measures upon this subject, is to increase the disparity between the white and black population. A measure that restrains the increase of the black population, increases this disparity, not merely by its restraint on the black, for it, in reality, accelerates the increase of the white population.

This very great difference between the increase of a white, and a free black population, is by no means extraordinary or surprising, when the real condition of the two classes of people is considered. The blacks do not stand upon an equal footing with the whites, in any respect whatever. They are more degraded, and not having the same encouragement and motives for exertion, they are not so industrious and provident. They do not marry so generally, or raise so many children. It certainly is not to be expected, that the lazy, improvident, and worthless part of society, will raise so many children, or multiply so fast as the industrious and prudent part.

That free blacks do not multiply so fast as the slaves, is no objection to their being set free. It is but an act of justice to set them free; and if the welfare of the state is to be promoted by it, there can be no objection to the measure, upon the ground that they are not so well off when free, as when slaves. One man has no right to exercise authority over the personal liberty of another, with a view to promote his interest, nor can one class of men be required to be the conservators of another. The man who is at liberty to work and provide for himself, but from laziness will not, must take the consequences of his folly.

If slaves were unwilling to receive their freedom, there might possibly be some ground to object to the justice of forcing them to accept of it. This is not, however, the case.

The subject of slavery always presents a choice of evils. Slavery is itself a very great evil, and that a proposed remedy is attended with evils, is not, of course, a valid objection to its being adopted. We must balance the evils of slavery against the evils of the proposed remedy, and choose the lightest.

Manumission presents a simple, natural, and practical mode of remedying the evil of slavery; and although it does not present a mode of getting rid of the black population entirely, yet it presents a mode by which the number will be more effectually prevented from increasing, than any other that has ever yet been proposed. It is also more consonant to the principles of justice and humanity, than any other that has ever been suggested.

Let all the states, therefore, instead of tightening the bonds of slavery, encourage manumission. Let our influential men follow the example set by Washington, (whose example, on all subjects, is worthy of being followed,) of manumitting their slaves, and in the course of the present century, the evil may be, in a great measure, if not entirely cured.

The advocates of slavery reason much in the same manner respecting slavery, that the English property holders do respecting pauperism. The property holders in England, (if the publications of that country express the opinion of this class of people on that subject,) take it for granted, that their right of property is absolute and unconditional; and that they

are, therefore, under no obligation to share the revenue arising from their property, with the paupers of the country—that whatever they pay towards the support of those who have no property, is a gratuitous gift on their part, and ought to be, at all events, voluntary. Hence, the almost universal clamour, which has of late years been raised in that country, against the compulsory assessments for the support of the poor. The fundamental principle of their doctrine is, however, erroneous. The property holders have not an absolute, unconditional right to their property—their right is subordinate to that of the nation; and whatever portion national interests require, should be appropriated to the support of the poor, they have no more right to withhold, than they have to take possession of their neighbour's field. It is the law alone that gives the richest nobleman in England a better right to his property than the meanest beggar in the kingdom; and the extent of his right is to be ascertained by the strict letter of the law.

If then the law gives them an exclusive right to the whole surface of the earth, upon condition, that they support the poor out of it, let them not complain of the condition, provided they accept of the grant. The law does not require them to support the poor without labour, provided, they are able to labour; but the laws of justice, as well as the laws of the land, require the rich either to furnish the poor with labour, or support them without labour. If they are not willing to accept of the grant upon this condition, let them relinquish it altogether, and it will not be required of them to perform the condition.

The rich and powerful have established a system, which has thrown all the property in the kingdom into the hands of a few; the necessary consequence of which is an immense number of paupers in the kingdom; and now they complain of this effect, and throw the blame upon the paupers. They charge them with being less industrious and frugal, than they ought to be.

If a man were to plant his field with trees, and then complain of the corn for not growing under them, it would not be more unreasonable. Pauperism is the necessary consequence of an unequal division of property, and the number of paupers will always be in proportion to the unequal division, let the poor be as industrious and frugal as they may.

An unequal division of property will never exist without producing a corresponding degree of pauperism, until the rich will give full employment to all the poor, by consuming the whole surplus product of their labour, and they will never do this, so long as man retains his present selfish disposition.

An individual, or perhaps a thousand individuals, may by industry and frugality raise themselves from the grade of pauperism, but by doing so, they must necessarily sink as many, or nearly as many to the same grade, for where a few have all, it remains for them to say, whether the remainder shall have any, or none.

So the advocates of slavery take it for granted, that they have an absolute, unconditional, indefeasible right to what they call their property in their slaves. But in this they are also mistaken. The interest and rights of the individual slave holder is subordinate

to that of the public, and whenever the public interests require it, he is bound to set his slave free. This he is bound to do independent of any moral obligation, which the laws of nature and eternal justice impose in consequence of the natural right of all men to freedom. This is the condition upon which the slave holder, as well as the land owner enjoys his right of property. But for the positive laws of the state, no man could have a right or interest in the bones and sinews of his fellow-man. Whenever those laws are changed, these rights of property will also be changed, and they should be changed, whenever the public good requires it. Private inconvenience and hardship, admitting emancipation to be so, must be endured for the public good. The law has given the master an interest and right to his slaves, as long as it is compatible with the good of the public, and no longer. The extent of the right in this case, as in the case of the property holders in England, and every where else is to be ascertained by the strict letter of the law.

That iniquitous system of slavery which gives to the slave owners an interest in the flesh and blood of their fellow creatures, has placed a noose about the necks of the slave states, which threatens, and is indeed actually inflicting strangulation upon a large portion of the white inhabitants, and the only way of getting out of the noose, is by forcing the slave owners to let go their hold upon their slaves, and set them free. This, some of them will not willingly do, because they prefer their own private interests to the welfare of the public. They say, they have a right,

in their slaves which the public has no right to take from them.

This doctrine, however, is utterly indefensible—quite as much so as that which proposes starvation, as a cure for pauperism in England. The laws of the states never gave to masters a right to their slaves to the detriment of the public, and whenever the public interest requires that right to be relinquished, they have no right to object.

There is, however, no occasion to adopt any compulsory methods to effect manumission, in the southern states.—All that is wanted from the government in the different states, is permission to manumit. There are people enough who would set their slaves free, provided, the law allowed it. It is much better that manumission should be gradual than rapid in its progress. All sudden changes in the domestic relations are injurious. Let the policy of the government favour manumission, and let courts of justice instead of setting their faces against the freedom of the blacks, favour and encourage it, and manumission will go on fast enough.

Slavery is an unnatural state of existence, and there is a strong tendency in all the principles of nature, whenever they have been violated, or forced out of their natural order to regain their primitive station and efficacy. The *vis medicatrix naturæ* is not less efficacious in morals than in physics. But as physicians by their injudious interference often kill the natural body, when the medical powers of nature, if left to themselves would have restored it to health, so politicians by their injudicious interference often keep the body politic labouring under a disease for centu-

ries, which the moral sense of mankind if left to itself, would speedily have cured. This is most emphatically the case in regard to slavery in the states south of Maryland.

The moral sense of the people, if left to itself, would soon cure the evil of slavery, but the legislatures interfere and prevent it, under the pretext, that the evil of manumission is greater than the evil of slavery. In this respect their conduct very much resembles that of a man who having the small pox *virus* in his system, takes medicines to prevent its eruptions upon his skin, and thereby drives it to his vitals.

It may be a great evil for a man to have his body covered with the small pox, but it is a much greater evil, to have it driven from the surface of his body to his vitals: So it may be an evil to have a parcel of manumitted slaves among us, but it is a much greater, to have the *virus* of slavery incorporated into the system, and driven to the vitals of the body politic, by preventing its eruptions in the form of manumitted slaves.

It is supposed by some, that the intensity of the disease of slavery in the present slave states, may be mitigated by diffusing the slaves over the new states, that may hereafter be formed, and by spreading them as much as possible over the present states.

*Diffusion* is about as effectual a remedy for slavery as it would be for the small pox, or the plague.

If all the states would encourage and promote manumission, then the more extensively the blacks were diffused, the better for the nation, but if they are to be retained in slavery, and if the present policy of tightening the bonds of slavery is to be pursued by

the different states, then the more they are diffused, the worse for the nation, because the more they are diffused the faster they will increase. This has been proved by actual experiment, in numerous instances.

It is well known, that all the western states including Georgia, have been almost entirely peopled with slaves from Maryland, Virginia, and the Carolinas, and this has been mostly done in thirty years; and yet in these latter states, the slaves have increased more rapidly than the white population. The evil of slavery has increased, instead of being diminished in the old states, while the mischief has been extended with all its horrors to the new states. *Diffusion*, therefore, has had no good effect in mitigating the evil of slavery in the old states, for it cannot be supposed, that if all the slaves had been confined to them, the slave population of those states would at this day have equalled the present whole slave population of the old and new states. It is as true of slaves, as of cattle, horses, or any other article of merchandsie, that the greater the demand for them, the more extensive the market, the faster they will increase.

It must be recollected also, that a free black, does not multiply so fast, as a white population, and that a slave population, multiplies faster than a white one in a slave state. Of necessity, therefore, all the evils of an excessive slave population must sooner or later be felt wherever slavery prevails. Were our slave population to be spread over the whole continent, still if they were to be retained in slavery in perpetuity, and should continue to increase by procreation faster than the whites, which we have no

reason to suppose would not be the case, in the course of time slaves would be more numerous than the whites, in every part of the country. If the whites were to the slaves as ten to one, still if the slaves increased the fastest by procreation, they would to a mathematical certainty out-number the whites in the course of time.

Population increases like compound interest, with this difference only, that in proportion as population becomes dense, its ratio of increase diminishes. This rate of diminution, however, has not yet been ascertained; and it presents a very curious question in political arithmetic, and worthy the attention of the political philosopher. But this difference between the increase of compound interest and population, does not prevent the consequences from being the same in both cases, although it will remove the result somewhat farther down the stream of futurity, in the case of population.

If A. has a thousand dollars, which he puts out at six per cent. compound interest, and B. has a hundred dollars, which he puts out at seven per cent. compound interest, it is very certain, that B's hundred dollars will, in the course of time, and that not very distant, become greater than A's; so, upon the same principle, a hundred slaves, that increase at the rate of three per cent. per annum, will, in a few years, become a much greater number than a thousand whites, that increase only at the rate of two per cent. per annum. It will be impossible to ascertain precisely, how soon the slaves will out-number the whites, until we know in what proportion the increase of population is restrained by its density; but as den-

sity operates as a restraint upon the increase of the whites, as well as slaves, we are certain that the population, which increases in the greatest ratio, will ultimately be the most numerous, let the disparity at any particular period be what it may.

The only effect, therefore, of diffusing the present number of slaves, is at best to put a little farther off the day of tribulation and wrath; and in proportion as it is removed from us, in regard to time, in the same proportion will it be augmented in quantity.—If the evil is removed three generations into futurity, it will be augmented three-fold in quantity. By procrastinating the day of manumission, we increase the difficulty of manumitting. By drawing tighter the bonds of slavery, we increase the difficulty of unloosing them. By smothering the volcano for the present, we only increase its power, and prepare it to burst upon the heads of posterity with redoubled fury.

There certainly would have been much less difficulty in eradicating slavery from our country forty years ago, than there is now. If all the states, at the close of the revolution, had set in earnest about remedying the evil of slavery, instead of adopting measures calculated to increase it, the great work, at this day, might very nearly have been accomplished. Had all the states then have authorised and encouraged manumission, the number of slaves at this day, would not only have been greatly less than they are now, but the number of our black population would also have been greatly less; and if, from this day forward, all the states were to adopt the policy of manumission, and should encourage it by all the means in

their power, in forty years from this day, not only the number of slaves in the United States, would be greatly diminished, if not entirely extirpated; but the gross amount of the black population would be much less than it will be, if the present policy is pursued; and this effect would be produced without restraining the increase of the gross amount of the population; for, in proportion as the increase of the black population was restrained, the increase of the white population would be promoted; and it certainly is not to be made a question, either in a political or moral point of view, whether a white or a black population is the most valuable, and most deserving the attention and patronage of the government; more especially, when so important a result is to be accomplished, by an act of justice, and by permitting the people to follow the moral dictates of nature, in manumiting their slaves.

To accomplish this object, there is no occasion for a forcible manumission by law.—All that is required, is a general permission in all the states for masters to manumit their slaves, whenever they see fit.—Such a law would promote manumission fast enough for the present. It would also cause the manumission to be gradual, so, that no great and sudden changes would be produced in society.—This would open a vein to let out the polluted blood of slavery from the body politic, silently, constantly, and gradually, without causing any sudden shock to the system.—The manumitted slaves would gradually acquire the industrious and provident habits of freemen, and become good citizens; or, if idle and worthless, they would dwindle away and become extinct. After a large portion of this poisonous blood had thus escaped, its

final extinction might be forced by a law, such as has been passed in most of the eastern states, limiting a period, after which, all the children that were born after a certain period, should be free at a certain age. The practicability of this plan, has been proved by actual experiment, in many of the states, and no evil consequences whatever have resulted from it.

When we consider how much pains is taken to persuade the people, that it is a sin to manumit their slaves—that those who manumit, not only do an injury to their slaves, but to their country also.—When the apostles of slavery preach its *divine* origin, and have the audacity not only to quote the Pentateuch, but the pure and holy doctrines of our Saviour and his apostles, as authorities in favour of slavery, which is sometimes done, it is not surprising that manumission does not go on faster in those states where it is permitted. But let this subject be rightly understood —let the people know and feel that they are benefiting their country, posterity, and doing an act of justice to the slaves themselves, by manumiting them, and the work will go on fast enough, as soon as the laws shall permit it.

What a horrible thing it is, that men should be compelled, by law, to violate the moral code of nature, and forced daily to do an act which their consciences tell them, is in violation of the laws of God! yet such is the case in all those states, where the laws forbid a master to manumit his slaves.

## CHAPTER XII.

### *Conclusion.*

WHETHER I have succeeded in cracking the shell of political economy, is for the public to determine. I can only say, I have put forth my utmost strength, for that purpose, and if I have failed, I have the consolation to know, that men whose pretensions were much greater than mine, have failed also. I am very far from supposing that the view I have taken of the subject will meet the approbation, or receive the sanction of politicians generally. Long received opinions are not so easily overthrown. Prejudices and prepossessions are not to be suddenly rooted up, more especially by a man whose name is not yet known in the republic of letters.

By many, it will, no doubt, be thought presumptuous folly in me, to attempt to suggest a new theory of political economy, or to elucidate a subject which has baffled the efforts of the greatest minds in almost every age and country.

But whatever may be the opinion of the public of this performance—whether it shall be left to sink into oblivion; or whether the principles I have attempted to establish, shall be thought worthy of examination—whether they shall be adopted or rejected by those who have, or think they have a right to direct public opinion, on this and on all other subjects, there is one thing I am resolved on—not "to encounter the pain of disappointment." Although I claim

and shall exercise the right of thinking for myself on this, as well as on all other subjects, and shall always confide in the convictions of my own understanding, rather than rely on the authority of any man, yet I am far from supposing, that I am capable of convincing others. Although mankind are for the most part reasonable beings, yet I have no expectation that my reasoning powers are adequate to carry conviction over the ramparts of ignorance, passion, prejudice, and authority. I expect to find "old Adam too strong for young Melancthon." I know also that I am as liable as others to take imperfect and erroneous views of subjects, and that I may have done so in the present case.

Although fully persuaded of all the obstacles I have to encounter, and all the chances there are of a total failure, yet I am not discouraged from making what some, no doubt, will call a bold and presumptuous effort, but which I nevertheless think a laudable one.

Although I may not have succeeded in suggesting the true theory of political economy, yet I am fully persuaded no one else has. The work yet remains to be done. The field for successful competition is yet open, and he who shall succeed in laying the true foundations of this sublime and noble science, will entitle himself to the benedictions of mankind.

Whenever the true foundations of the science of political economy shall be laid, they will be laid in America. As our country has had the high honour of laying the true foundations of civil government, it must also have the honour of laying the true foundations of political economy. The two are essentially

connected, and a thorough knowledge of the one, affords great facilities for acquiring a thorough knowledge of the other.

It cannot be expected that Europeans with all the existing abuses in their governments, which they have been in the habit of seeing and contemplating, until they appear, if not natural and right, at least so to a very great degree, should escape having their minds perverted by such an unnatural state of things. It is not possible that men, thus educated, should have as clear perceptions of political economy, as those who have been accustomed to perceive the natural and simple operation of political measures, and who have been from their earliest infancy in the habit of contemplating the natural equality of men.

Americans certainly possess much greater advantages for studying the science of political economy, than Europeans, and if we were not to make greater progress, it could only be attributed, either to intellectual inferiority, or want of application.

Whatever the young gentlemen, who earn their bread by writing for the Edinburgh and Quarterly Reviews, may say about the intellectual inferiority of one nation to another, let them inhabit which side of the Atlantic, or what part of the globe they may, no man of sense and a liberal mind, unless he is a *materialist*, will ever demean himself so much as to enter seriously into the discussion of such a question. Man is the same in all countries and climates, provided those circumstances which may be denominated moral causes, which are independent of climate and soil, are the same. He was made to inhabit all parts of the world, and it would be a reflection upon the wis-

dom and justice of his Creator, to suppose he had made intellectual inferiority the condition of his inhabiting any particular part of the globe.

Climate may have some influence on the constitutional temperament, but none on the intellectual powers.

When I say that Americans possess greater advantages for studying the science of political economy than Europeans, I do not mean to intimate that they possess any natural superiority, either mental or physical over the English, Scotch, Dutch, French or Spanish nations. The advantages which we possess are altogether accidental, and arise out of the nature of our government and institutions.

If any European, whether in the Edinburgh Review or any other publication, chooses to contend that Americans are naturally inferior to the Europeans in mental endowments, and that we are incapable of contributing any thing to the cause of science in general, or of political economy in particular, I certainly shall, for one, suffer him to enjoy his *opinion*, if it be sincere, or his *impudence*, if it be merely pretended, rather than demean myself by discussing the question with him. Such a discussion would be very much of the same character with that of two husbands who should dispute and quarrel about which had the handsomest wife.

I am satisfied with my own country, or at any rate better pleased with it than with any other, and if foreigners are not pleased with it, or believe it has any tendency to belittle the human mind, I am quite contented that they should continue to enjoy their opinion, and shall never take any measures whatever

with a view to change their opinion. If it affords them any satisfaction to boast of their own country, its institutions, and above all, of their own transcendent talents and intellectual endowments, I have no sort of reluctance to their self-gratulation, and if it pleases them to abuse my country, and affect to mourn its dearth of talents, I have no objection to their enjoying this pleasure also; or, at any rate, I shall take no measures to prevent them, or enter into any controversy with a view to convince them of their error.

That senseless contest which is kept up between some of the newspaper, and other writers, in this country and in England, about the natural superiority of either nation, reflects disgrace, so far as such silliness of individuals can reflect disgrace on both countries. It resembles the contest which we often see boys in different schools carry on about the natural superiority of the members of their respective schools. It is enough to make one sick to read a few pages of the fulsome boasting adulation which we often see in the different publications, both in this country and in England.

If love of country and respect for its character and institutions cannot be excited and preserved without such contemptible artifices as these, better let them sink into the bosom of oblivion.

These things are the more intolerable, inasmuch as the writers always affect to speak the language of the nation. If they would always speak in the first person singular, those who do not possess the spirit of self-adulation, would not feel mortified and degraded by it, but the manner in which they speak,

perpetually reminds one of Dean Swift's fable of the apples and the ——, in which the latter exclaim, how *we apples* swim.

That Americans enjoy a better government, and more equal laws—that the natural equality of man is better preserved here, than in Europe, is rather a matter of accident and good fortune, than of our own creating, and is therefore, rather a cause of thankfulness than boasting.

I do not by this mean to intimate, that the patriots who designed and atchieved our revolution, and established our present form of government, are not worthy of all praise, but that Europeans have not done the same thing, is rather owing to the circumstances, in which they have been placed, than to any inferiority of capacity, or virtue. The evils which exist in the European governments, are evils which grew up with civilization, and are so incorporated with the system that they cannot be separated without destroying the whole fabric.

If a young man was to build a house upon an improved plan of architecture, and then revile his father's castle, because its halls and parlours were not equally convenient with his, he would not be more unreasonable than it is for us to revile the English government, because it is not built after so perfect a model, as ours. As it might not be worth while to incur the expense, trouble, and risk of pulling down the old mansion, in order to build a new one upon an improved plan, so it may not be worth while to pull down an old government, for the purpose of modelling it after a more improved plan. It may be even more convenient for a family, to live in an old fashioned

building, to which they are accustomed, than in one of an improved model to which they are not accustomed. So it may be more convenient, and the people may be happier to continue to live under an old government, to which they are accustomed, than under one of a new and improved model.

I am, however, far from supposing, that the abuses of governments are not to be remedied.—Let all be remedied, that are susceptible of remedy without pulling down the fabric. There would be no difficulty in remedying some of the evils and abuses that exist in the English government.—The public debt might be paid.—The laws of entail and primogeniture might be abolished, and if necessary to procure a more equal division of property, the law of devises might be abolished, and such other measures adopted, as should prevent some individuals from enjoying such enormous revenues to the disinherison of one half of the nation. This would have a tendency to cure the disease of pauperism, and many other evils under which the nation at present groans. These are the causes of national distress, which neither annual parliaments, universal suffrage, nor a destruction of the rotten boroughs can of themselves remedy.

When we contrast the happy situation of our country with that of any other on earth, that must indeed be a cold heart, that does not swell with gratitude to God for the innumerable blessings we enjoy over all other people; and when we look over our country, and see the many great and deplorable evils, and abuses that exist in it; he must have but a small share of *amor patriæ*, who does not burn with a spirit of reformation.

Our country presents the fairest theatre on earth for the acquisition of knowledge in the science of government and political economy. Here experiments may be made with safety.—Here we can see the operation of the principles of nature in their utmost purity, and here is to be kept alive, that spirit of liberty and equality which is yet to be diffused throughout the world, and is to warm and animate all the nations of the earth.

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I may, perhaps, be indulged with a word or two about the performance I am about to give forth to the public.

At the time this book was commenced, I had no expectation of writing more than a small pamphlet, and of this I scarcely anticipated a publication. As I have before said, I wrote rather for my own amusement and instruction, than for the public; but as I progressed, the subject became more interesting—new views and ideas suggested themselves, and I pressed onward until it has grown to a volume.

At the time I commenced, I had no more idea of where I should land, than Columbus had when he sailed on his voyage of discovery; and I have landed at points upon different subjects, as far distant from those anticipated, as the island of St. Domingo is from the East Indies. I made it a point to follow wherever the principle I had started led, without any regard to previous prepossessions, and I believe I was often as much surprised at the conclusion, as any of my readers, should I chance to have any, will ever be. I have, however, this evidence, that my princi-

ples are sound—the more I reflect on them, the better satisfied am I of their correctness.

It will readily occur to every man that so vast a subject as political economy cannot be fully discussed in so small a volume. Upon the subjects of some of the chapters, more volumes have been written, by different authors, than there are pages in the chapters; and although as a general rule, a big book upon any subject, that depends on principles, is proof that the author did not understand the subject, yet the subject may be treated with too much brevity; and it cannot be expected that a single chapter is sufficient to illustrate such vast subjects as are embraced in some of the chapters.

As one principal object has been brevity, I have merely stated the principles with such illustrations as appeared necessary to make them intelligible, and it can hardly be expected that I have stated them so clearly as to prevent all ambiguity or obscurity. Should the reader have found this the case with any of the chapters, I must either crave his indulgence for a second reading, or if he has not patience for this, to abate somewhat his condemnation and censure until a more full and clear explanation can take place.

It may, perhaps, be thought that I have treated somewhat too unceremoneously some writers of high and established reputation, but I believe it will be found that I have not meddled with any thing but their arguments and reasoning, and this is acknowledged to be lawful warfare in all literary controversies.

THE END.

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